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NEAR EAST/NORTH AFRICA REPORT

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ISRAEL INCREASES TRADE TIES WITH LATIN AMERICA

London 8 DAYS in English No 43, 31 Oct 81 pp 42-43

[Article by Ignacio Klich: "Israel Push Into Latin America"]

[Text]

RECENT NEWS that Mexico's largest food processing company is teaming up with an Israeli combine to set up a vegetable dehydration plant sheds light on Israel's growing interest in agribusiness ventures in Latin America. They are also a sign of Israel's growing drive to export industrial goods and services to the region's Big Four — Argentina, Brazil, Mexico and Venezuela. Israel hopes this will offset the officially forecasted slow-down in its major export markets this year.

Israeli sales to Latin America reached \$138m last year, marking a 94.4 per cent increase over exports in 1979. Such a jump suggests that the weakening in Israel's diplomatic links with Latin America — Cuba and Guyana severed ties in 1973-1974, Israeli diplomats have been recalled from Paraguay and El Salvador while the newly independent Caribbean states appear in no hurry to establish diplomatic ties — has paradoxically been accompanied by stronger trade ties.

Sales to Latin America represented only 2.5 per cent of Israel's total exports of \$5.54bn last year, but in view of the fact that Israel's exports to the industrialised countries have been steadily dropping while those to the developing countries have been growing, Israeli officials are confident that the Latin American share can be further increased. Industry and Trade Minister Gideon Patt recently announced to Tel Aviv's Financial Club that a \$20m fund will

be established before the end of the year to find new markets in the Americas.

In Mexico, Productos Deshidratados del Fuerte's \$22m plant will be set up in the state of Sinaloa as a joint venture between Alimentos del Fuerte and Israel's Deco-Atikim. The Israelis will provide 20 per cent of the investment and sell their technical expertise. Deco, the dehydration plant of kibbutz Bror Hayil, previously sold its know-how to Brazil and other developing countries, but is the first kibbutz concern ever to participate in foreign investment.

In recent years, industry has been supplementing agriculture, especially in those kibbutzim set up in relatively unproductive areas. Industry now accounts for more than 50 per cent of kibbutz output, or five per cent of total Israeli industrial output. Figures provided by the Kibbutz Industries Association, the umbrella organisation for more than 300 such enterprises on 170 kibbutzim, show that their sales abroad reached \$212m last year, with 22 per cent going to the Americas.

Short of investment funds of its own, Deco joined Atikim, a company owned by the industrial conglomerate Koor, the construction firm Solel Boneh, and the investment syndicate Clal — all of which have Latin American connections — to meet the Mexican government's requirement that those selling know-how to Mexico must participate in the investment and risk.

Mexican finance for the dehydration plant will come from Nacional Financiera SA (Nafinsa), the country's development bank. Nafinsa's involvement in the project has to be seen against the background of the agreement it reached earlier this year with the Histadrut labour federation's Bank Hapoalim — ranking 105th in *The Banker's* list of the world's largest banks — to establish an investment fund to promote industrial joint ventures between the two countries.

Koor, itself owned by the Histadrut, has decided that its trade division should open shop in Mexico. But its subsidiaries, Solcoor and Alda Israel Foreign Trade, have already been active in Caracas and Sao Paulo, as well as Panama.

Productos Deshidratados del Fuerte is the first of about 30 proposed joint ventures in food, chemicals and solar energy put forward by the Israelis in the past two years to offset the cost of Mexican oil supplies, which have amounted to 45,000 barrels a day since the fall of the Shah and the return of the Sinai oilfields.

Early in the 1970s, Israel began negotiations with the Mexicans to set up a joint venture in Merida for the assembly of the Arava transport plane, an Israel Aircraft Industries (IAI) best-seller in Latin America because of its military and civilian applications. Other aircraft would also be serviced with IAI expertise. However interested Mexico may have been in developing its own domestic aircraft industry through this venture, it was not prepared to buy 75 Arava kits, and the deal was not clinched.

In the case of Venezuela, the signing of a trade pact last November paved the way for public and private sector initiatives in the field of agribusiness. Among these, Israel's Tene Noga dairy industry was reported to be negotiating with Venezuelan business-

men a ten per cent shareholding in a \$20m venture to develop a domestic dairy industry with Israeli expertise. Tene Noga's Iонатан and Ioav Hurwitz, sons of Likud's former finance minister, Yigal Hurwitz, also own a farm in Puerto Rico which began exports to the US last year. Earlier, Venezuelan officials of the Orinoquia development project asked the Israelis to prepare an agro-industrial pilot plan for a 20,000 hectare area in the country's eastern region.

Improving trade relations with Brazil is seen by Israeli officials as a way to offset the loss in citrus fruit and juice concentrate sales to the EEC due to Brazilian competition. In spite of the distance, Brazil also provides a useful meeting point for three-way relations with the Arab world. Israeli firms with transnational links are known to have exported American-designed electronics, made in Israel, to customers in the Arab world. Israeli businessmen have also visited Buenos Aires to explore the possibility of selling various industrial items after last year's successful agreement to supply an Ormat solar energy turbine. Israeli agricultural equipment was on display this year at the Sociedad Rural Argentina fair.

Meanwhile, financial links have grown fast. Israel's Leumi, Hapoalim and Discount banks now have subsidiaries and representative offices in Argentina, the Bahamas, Brazil, Curacao, in the Netherlands Antilles, Grand Cayman, Mexico, Panama and Venezuela. More recently, the orthodox Jewish United Mizrahi Bank, Israel's fourth largest financial institution, announced plans to open a subsidiary in Uruguay together with Edmond de Rothschild's Geneva-based Bank Privé. And the expectations of increased trade have led the Zim freight shipping company to extend its Haifa-Barcelona container line to Rio, Montevideo and Buenos Aires, and extend the Miami line to Venezuelan ports.

ARAB INVESTORS CONSIDER SINGAPORE MARKET

London 8 DAYS in English No 44, 7 Nov 81 pp 36-37

[Article by Lelei Lelaulu]

[Text] FOLLOWING their initial successes in the euromarket, Arab bankers are visiting Singapore, the centre of the Asia dollar market, in droves with a view to expanding into this burgeoning area.

The interest in Singapore specifically, and Asia in general, follows on the increasing Arab participation in the economies of the developing world. For the first seven months of this year, lending to Third World states by the Arab financial institutions totalled \$4bn.

An Asian business journal, the authoritative *Far Eastern Economic Review*, has estimated that the top 25 Arab banks in the euromarket had a combined capital of \$2.4bn and assets of \$51bn in 1979. Increasing confidence with their ability to recycle their own petrodollars boosted these amounts to \$3.3bn and \$66bn respectively in 1980. Projections for this year point to a 30 per cent increase to a capital of \$4.3bn on assets of \$90bn. As the *Far Eastern Economic Review* points out, no other group of banks has such a growth potential.

Singapore, centre of the \$66bn Asia dollar market, is excited about the increased Arab involvement in their offshore sector. The Asia dollar market is currently dominated by the OECD states, and the dynamism of the Arab banks can only serve to stimulate business, as well as increasing trade in the stock markets in the southeast Asian area. Most of the top 25 Arab institutions in the euromarket have been in existence for eight years or less.

Singapore's close ties with Israel may have kept many of the Arab institutions out of Singapore until now. The fledgling Arab banks in earlier days also wanted to tread

warily in the Asian markets, so they allied themselves to those big loans which were in some way associated with the Middle East. Thus the early loan syndications preferred by the Arab institutions centred around the big South Korean and Philippines loans.

Saudi Arabia's National Commercial Bank (NCB), by far the largest private bank in the Middle East, spearheaded the Arab flow eastwards when it set up Singapore premises in 1979. This year, the National Bank of Kuwait set up camp, with its eyes on southeast Asia and the relatively untapped Australian fields.

The Saudi Arabian Monetary Agency (Sama) is holding up approval for NCB's London Branch, so NCB is delaying expanding its Singapore office into a fully-fledged branch. NCB has however received the green light from Sama to open a full branch in Bahrain. Company sources say this is encouraging for the future of their Singapore operation.

The Monetary Authority of Singapore (MAS) is being discreet about the Arab influx, refusing to divulge the names of banks which have applied for operating licenses in Singapore. The lively Singapore press, on the other hand, has already run reports that the National Bank of Abu Dhabi and the French-based Union de Banques Arabes et Francaises (Ubafr) have secured offshore operating licenses.

These two banks are significant in that they own between them 25 per cent of Uban-Arab Japanese Finance, the institution which has handled most of the Arab financial business in Asia through its Hong Kong office. By going it alone, these two Arab banks are displaying new-found con-

fidence in the Asia dollar markets. Other Arab institutions which have previously relied exclusively on Uban-Arab Japanese Finance for guidance east of Bahrain will be watching the progress of Ubaif and the National Bank of Abu Dhabi with a great deal of interest.

Ubaif owns 20 per cent of Uban-Arab Japanese Finance, making it the largest single shareholder. More importantly, Ubaif had the largest eurodollar involvement last year of any Arab institution. Singapore is particularly happy with developments, as Ubaif will spotlight what they hope will be the main attractions of Asia dollar involvement for those Arab banks still thinking about recycling petrodollars east of Bahrain. Press reports say the Kuwait-Asian Bank, which recently opened for business in Bahrain, will soon open a Singapore branch with a \$100m capitalisation to take advantage of the burgeoning trade financing between the Gulf states and Asia.

Others awaiting Singapore licenses include Al Bahrain Arab African Bank, Gulf International Bank and the Arab Banking Corporation. They won't have to wait too long, because the MAS has been jolted into speedier action by the government. The *Far Eastern Economic Review* claims that some of the more important Arab banks have been allowed to jump the queue.

Arab banks are sought for geographical balance by the Singaporeans, but their presence in Singapore also increases the chances of the small industrialised island becoming a truly international financial market. For their part, the Arab banks are drawn to the Asia dollar market by a number of reasons. NCB, for example, provides performance guarantees and hedge financing for many Asian contractors active in the Middle East. This has slowly led NCB to provide similar services in the bigger markets of South Korea, the Philippines and Indonesia. Setting up a full branch is a logical extension of this.

Since the oil-price rises of the 1970s, Arab financial managers have tried to expand their role in the direction and placement of their petrodollars. In addition, Arab banks found themselves inevitably drawn to the trade financing opportunities provided by the booming Asian/Middle East trade. There is also the attraction of developing states, which for the most part have excellent credit ratings, seeking capital to help them catch up with the industrialised nations. With its vast population base, the Asian region can also absorb more funds and generate high returns.

Sensing the rising expectations in the region, Arab bankers have themselves warned against over-optimistic projections of their effect on the Asia dollar scene. For one

thing, they point out that most of the petrodollars are absorbed by the European institutions, and that they have to line up for interbank interest rates like everybody else. They stress that Singapore is in many ways an extension of the euroloan business and that Asians should not expect the Arabs to contribute to anything that could even vaguely be construed as an alternative to the existing international markets.

There is little doubt, however, that the Arab presence will increase syndication activity in Asia. There is a sizeable amount of syndication with strong Arab involvement at present and this is bound to increase as the Arab banks look at additional project financing ventures.

Set up in 1977, Singapore's floating-rate certificate of deposit (cd) market has gone from strength to strength. Arab appetites for the booming cd market were whetted in 1979 when NCB and Kuwait Pacific Finance both dabbled in issues for Japanese banks. In 1979 they came in with their hands held by DBS-Daiwa Securities and Merrill Lynch International, but since then Kuwait Pacific has jointly managed its own issues. The cd market is not yet inundated with Arab banks, but there is strong Middle East interest in additional use of these instruments.

Heavy Arab buying into the Japanese equity market indicates there will be movement soon on the Singapore and Malaysian markets. The smallness of the two stock markets must limit the amount of Arab buying, but they are certainly testing the markets. The speculation is that more equity investment will grow as the Arabs themselves grow more accustomed to the Asian equity terrain.

The Asians look forward to an increase in the sparse Arab participation in euroasian issues which are listed simultaneously in Europe and Singapore. The Arab-Malaysian Development Bank has, however, managed Banque Nationale d'Algerie and Sonatrach when these two Algerian concerns drew money from the euroasian pool in a reverse flow of funds.

Many more fields will open up with the arrival of Arab banks in Asia. The trend makes a lot of sense: the oil-rich states of the Middle East have often declared their interest in assisting Third World brethren develop their resources. These are long-term development plans and most of the investors in the Middle East prefer such arrangements, as their investments do not need constant overseeing.

The fact that the Arab interest in Asia was sparked by successful participation in the euromarkets raises hopes in banking circles that a whole new force may arise out of European technical expertise backed by Middle East capital and the vast human and natural potential of Asia.

BASSAM ABU-SHARIF DISCUSSES PFLP POLICIES

London AL-ZAHF AL-AKH DAR in English 23 Oct 81 pp 12-13

[Interview with Bassam Abu Sharif, PLFP member; date and place not given]

[Text] The return of the Popular Front for the Liberation of Palestine (PFLP) into the fold of the Palestine Liberation Organization (PLO) has given the Palestinian Revolution a new dimension. At the last PFLP congress, Dr George Habash was re-elected as general secretary, and despite changes in the leadership, the organisation's secrecy has so far kept it from making details public. To assess the present situation of the PLFP, we talked to one of its outstanding members, Bassam Abu Sharif.

ABU SHARIF's name made headlines when a parcel bomb exploded while he was handling it; the effects of the blast are still to be seen on his face and hands. He has always been one of the Palestinian leaders most sought after by the press, due, in some degree, to his position in the PFLP's information section. Despite the fact that Abu Sharif has, in the meantime, assumed other tasks in the Popular Front, tasks with which he was entrusted at the PFLP's last congress, we interviewed him on the present situation and on the future of the Palestinian cause.

Boycott

The interview took place before the assassination of Anwar Sadat, but has nevertheless lost nothing of its reach. On the contrary, the death of Egypt's

ruler is in a way postulated by Sharif when he says: 'We are firmly convinced that the fall of Nimeiri or Sadat will mean that we will have covered half the distance towards Palestine. There are signs that the struggle for Palestine is accelerating, and we see the call of the Pharmacists in Jordan for a boycott of American goods and the adoption of this decision by other trade unions as an important step, and as one that should be taken up by Arab trade unions in the whole of the Arab homeland.'

'Colonel Qadhafi's call for volunteers to join the battle of dignity is exceedingly important. All Arab regimes should lift the restrictions and allow the masses to join the ranks of the revolution, in order to strengthen our fighters. Those who think that the war is coming to an end are mis-

taken. The enemy will strike again and again, because Washington's aim is to dominate and subjugate the Middle East and the Zionist entity with its elected tool for this purpose.' These were the opening statements of Abu Sharif and we then proceeded to ask him about civilian targets in Beirut and the strategy that lay behind that Zionist escalation of the conflict.

He answered: 'The aims the Zionist entity is trying to achieve through their criminal war on the towns, villages and camps in the south, and on the civilian district in Beirut, are still the same: the liquidation of the Palestinian revolution — or at least its weakening in order to push through a settlement on the eastern front. The enemy has succeeded in realising its aims at least temporarily on the western

front, via the treachery of the agent Sadat, and it is now trying to impose total control on the Eastern front, where the Palestinian Revolution constitutes a stumbling block in the face of the Zionist machinations.'

The Eastern front

'As the date for the finalisation of the Camp David accords on the western front grows nearer, the necessity for an imperialist advance on the eastern front increases, in order to complete the design of total US control over the Middle East. Thus we see an increase of political and military activities on that front, and specifically in Lebanon, at this stage. The aim is to strike a lethal blow to the concentration of forces of the Palestinian Revolution in Lebanon, and to the Lebanese National Movement, in order to advance the imperialist plots specific to that area, but also as a warning to Syria and as a restriction of the latter's movement in support of our joint forces. Another aim of the escalation was to set the scene for Philip Habib to exploit the situation politically . . .

'As both Schmidt and Haig made clear last month, that political offensive aims at enlarging the Camp David process so as to include the eastern front.' But, as to the outcome of the military situation, and the resistance during the latest attacks, Sharif was candid and sanguine: 'It is true that the enemy has inflicted great losses on the Lebanese and Palestinian civilian population. It is also true that the

air raids and bombardments have inflicted heavy losses in human and material terms on the towns and villages and camps involved. But the whole world, including some of the enemy's leaders, have recognised that the blows inflicted by our own forces on the enemy were also major setbacks for the enemy, who has admitted that sixty per cent of the settlers in the villages of north Palestine have migrated to the south.

Havoc

'But it is necessary to add that if the fight was stopped when the blows we dealt the enemy forced it to ask for a ceasefire from the UN, the war has not come to an end. The enemy will strike again, because Washington's ultimate design is to bring the whole region to its knees. The pattern is clear: first Washington gives the green light to the Zionist enemy, ordering him to inflict strong military blows, then it sends in Habib to make political hay out of the havoc caused by Zionist bombs made in the USA . . . We are, however, on our

guard and we will not allow these political poisons to go unchecked. We are using this period of respite to prepare for the next and inevitable battle. It is necessary at this point to mention those who helped us during that last battle — and they are the same ones who helped us before and who help us in the future. It is important to point to the pioneering role played by the Jamahiriyah in helping the

Revolution, because without that help our forces would not have been able to inflict such blows on the enemy.'

'We have, in fact, been helped by the Steadfastness Front, with each member contributing according to his capacity, and it is important to mention Syria's steadfast position, which we rely on in our battles against the enemy. The forces which plotted against us are those of Arab reactionaries, who are now playing a dangerous game in an attempt to silence the Palestinian gun, and to push through the new settlement proposals, a modified Camp David agreement for the eastern front. The reactionary Arabs' role manifests itself in their putting financial pressure on the members of the eastern front, to force them into accepting the proposals made by Washington, whether they relate to the Lebanese problem or the wider Middle East problem. Their dependence on Washington is also visible in the alacrity with which they execute the Americans' economic plans relating to the production of oil.'

Likud or Labour: Kifkif

Concerning the new Zionist government, the PFLP political bureau member had this to say: 'The Likud have formed a government which won the Knesset's confidence in the new government, I believe therefore the present Zionist government to have a short lifespan.

'If we want to evaluate the government politically — and from the point of view of our struggle — I do not see any difference

between this government and any other Zionist government, whether Likud or Labour. The dream of past and present Zionist governments is to establish a Greater Israel, with the active help of Washington, in return for which help the Zionists have turned themselves into the prime executioners of Washington's policies in the Middle East. The present government is a tool of the Camp David alliance, and aims at expanding the framework covered by the said accords. Their next aim is to realise the autonomy scheme, a scheme rejected by our people, the Arab masses. The prime condition for realising this scheme is the elimination of the Palestinian Revolution, as it cannot be put into effect as long as we continue to exist.

'We would like to point out in this context that we will stand opposed with all our power to this scheme, and we will bury it, just as we will bury whoever dares to accept it, or to have relations with those advocating it. At the same time we will oppose the enemy's new government's attempts to subjugate us militarily and we will respond to any such attacks with deep counter-attacks. We will also escalate our activities, both political and military, inside the occupied areas in response to the Zionist escalation and as a continuation of our struggle to liberate our homeland.'

Asked about the help other Arab countries should provide, Abu Sharif said: 'We have never asked the Arab regimes to unleash an instant war against the enemy. What we have demanded was that they prepare for the

prospects of a long-drawn out struggle. But at the same time we have insisted that not waging an immediate war does not mean not fighting the enemy. Here we see the importance of brother Muammar Qadhafi's call, as it symbolises exactly what the Palestinian Revolution is calling for. Brother Qadhafi has called on the Arab masses to volunteer and participate in the struggle for honour and dignity, the struggle for the freedom of Palestine. The Revolution opened its ranks to these volunteers.

Widening the front

'What we want the Arab regimes to do is to lift the barriers they impose on the masses and which keep them from participating in the revolution. In addition to this, there are other steps the Arab regimes should, and could take to raise the level of their participation in the battle: political, economic and military steps. For example, why is the Palestinian Revolution not equipped with missiles capable of shooting down the enemy's war planes which now bomb and devastate our towns and villages unchecked? Why do we not have better weapons? We have waged the last battle thanks to the support we received from Libya and Syria. We were thus able to rely on a strong base, and owe much of our might to this help.'

Asked about Sudan, Abu Sharif commented: 'Destroying Nimeiri's regime is an important step in our struggle in Palestine to subvert the Camp David Accords and for the liberation of

Palestine. Our calls for help for the Palestinian Revolution and the liberation of Palestine do not make us forget the dialectical nature of this battle, and the ties that bind the battle for the liberation of Palestine to the battle of the Arab masses, for liberation and deliverance from imperialism in all its forms.

The Sudan is an important example. The destruction of the Nimeiri regime has become an essential step in our struggle. By trying to break Egypt's isolation after Sadat's betrayal, Nimeiri is simply performing a role agreed upon by the imperialists and the reactionary Arab regimes. The dangers of Nimeiri's policy reside in it allowing the Zionist enemy to move deeply into Arab territory, into the Nile valley, and this constitutes a great strategic threat to our nation, our civilisation and our culture. Thus it is the duty of the Arab liberation movement to support with all its power the progressive movement in Sudan — just as it supports the progressive movement in Egypt. With Nimeiri gone — and Egypt back in the Arab fold — we would have covered half the way to Palestine.

'America is planning to fight Arab progressive forces and Arab progressive regimes to the death, because it realised that its total domination of our region necessitates this. Thus our national duty demands that we oppose not only the imperialist attacks which take the form of the Zionist war against us, but also that we oppose imperialist interests throughout the region, on many levels — from economic boycott to armed confrontation.

We realise that co-operation between the Palestinian Revolution and the Arab Liberation Movement in a combined effort to strike against imperialism's interests, must constitute an important part of our future action programme, as this will permit us to enlarge the front of our battle against the enemy. It will thus scatter its forces while at the same time leading to an awakening of the Arab masses. The signs of such an awakening are here and so is the time of increased resistance against the common enemy.'

CSO: 4400/61

U.S. ROLE IN SAUDI PEACE EFFORT CHARGED

Jerusalem AL-FAJR in English 23-29 Oct 81 p 7

[Article by Muhammed Abdel Salaam: "Saudis' Peace at Any Price"]

[Text]

The Saudi Arabian regime has been using its vast oil revenues to enforce a new US sponsored role in the region. The Saudi Arabians who have always been close to the US, started to become more active in the politics of the region after the signing of the Camp David agreement.

During the Baghdad summit conference, held immediately after Sadat's visit to Israel, Saudi Arabia led a group of Arab States in opposing the imposing of sanctions against Egypt, which in turn undermined that summit conference.

Saudi Arabia's role has been possible because of its unique position. First, Saudi Arabia still enjoys the faith of many Arab states, and second, Saudi Arabia is able to exercise hegemony over most of the region through its manipulation of grants and aid.

What is the Saudi role? Undoubtedly it acts as a rallying point for the US policies in the region which it claims confronts Soviet influence there. This assertion can be backed up by examination of the attitude taken by Saudi Arabia, and several other states in the Bag-

dad Summit Conference, where they stopped any serious resolutions from being taken. More recently, the calls that have been coming out of Riyadh, after the death of Sadat, to admit Egypt back into the Arab ranks are in the same vein.

On a larger scale, Saudi Arabia is playing a big role in financing anti-Soviet forces in the area: the North Yemen regime, the "rebels" in Afghanistan, Omani government, etc.

A mediating role between the US and the Arab regimes, especially the ones that do not have any official relations with the US is also a task undertaken by the Saudis. This role was made clear at the time of the bombing of the Iraqi nuclear reactor. The old-new role that Saudi Arabia is trying to play is the presenting of the US policies in the area as its own initiatives. The eight point "peace proposal" made by Crown Prince Fahd, if studied carefully, does not contain anything more than resolution 242 which was rejected by the PLO.

In fact, some points of the Saudi proposal, such as point four — "Recognition of the right of Palestinians to repatria-

tion with compensation for those who do not wish to return" — and point eight — "Guaranteeing the rights of all states in the region to live in peace" contradict the Palestinian National Charter which is accepted by all the factions of the PLO.

Point four does not give the dispersed Palestinians the *absolute right* to return to their homes. The repatriation of the Palestinians is directly followed by "compensation" to those who do not wish to return, which implies that the right to return is not absolute.

Point eight implies that the PLO should recognize Israel, which contradicts the PLO Charter, and the PNC resolutions which rejected any such proposal.

The fact that some points of the Saudi proposal contradict the Palestinian National Charter, brings us to the conclusion that it ("the peace proposal") is backed by the US. In fact, the US position is that if the PLO gives up armed struggle and is willing to recognize Israel, then they would be ready to talk to the PLO, and this attitude does not differ much from the Saudi 'peace proposal.'

INTER-ARAB AFFAIRS

BRIEFS

ABU NIDAL OFFICES IN LEBANON--Four offices belonging to Fatah dissident leader Abu Nidal [Mazin Sabri al-Banna] have been set up in Lebanon, two in al-Biqa', one in Northern Lebanon and the fourth in Southern Lebanon. The offices have been supplied with modern weapons. This development follows the Syrian Government's pledge to PLO Chairman Yasir 'Arafat to freeze all activity by Abu Nidal against the PLO within Syrian territory. [Text] [NC041550 Beirut Voice of Lebanon in Arabic 1515 GMT 4 Nov 81]

AIR TRANSPORT TO BE EXPANDED--An agreement to expand air transport links between Tunis and Beirut was initialled last week in Tunis by Lebanese Civil Aviation Director General Edmond Ghosn and his Tunisian counterpart Muhyi al-Din al-Bashrawi. The agreement provides Middle East Airlines (MEA), the Lebanese airline, with rights to a Beirut-Tunis line with a continuation on to Madrid. Similarly Air Tunis, which at present does not fly to Beirut, will receive rights to the Lebanese capital with a continuation on to an Arab capital, not yet specified. A delegation from MEA will visit Tunis this coming December to put the finishing touches to commercial agreements with Air Tunis. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 44, 2 Nov 81 p 5]

CSO: 4500/48

ISLAMIC AFFAIRS

ROMANIA WANTS PLO TO JOIN AUTONOMY TALKS

GF011839 Kuwait AL-RA'Y AL-'AMM in Arabic 1 Nov 81 pp 1, 19

[Excerpts] Beirut--AR-RA'Y AL-'AMM has learned from reliable Palestinian sources that Romania is currently moving toward convincing some Palestinian dignitaries and personalities--especially those in the occupied land--to sit at the autonomy talks with the Israelis as a first step to improve the autonomy rule into a future independent state according to Romania's vision.

The sources have said that Romanian President Nicolae Ceausescu is personally interested in this issue. He is ever seeking to meet the Palestinian leaders and personalities who visit Romania from time to time. The sources add that Ceausescu met with Khalid al-Fahum, the chairman of the Palestinian National Council, during his visit to Romania a few days ago. He reviewed with him various issues defining Romania's vision concerning the Middle East crisis and the Palestinian cause in particular. The sources say that the Romanian president told al-Fahum that it is necessary for the PLO to join the autonomy negotiations. The Romanian president told al-Fahum that this is their chance to make the first step toward establishing an independent state through improving the autonomy rule.

On Crown Prince Fahd's initiative to resolve the Middle East crisis, the sources say that Romania believes that the PLO has to adopt this initiative in the upcoming Arab summit conference. Ceausescu adds that the Arab summit's approval of the plan will open the way for a U.S.-Palestinian dialogue and for a wide European recognition of the PLO.

Asked about the hostile European stand toward the PLO and the Palestinian cause in general, Ceausescu said: "You do not have to bother much about the U.S. stand and Reagan's stand in particular toward the PLO and its role is a positive one. This administration will begin a dialogue with the PLO in the near future."

Ceausescu has reiterated his stand supporting the Camp David accords and said he understands that the Soviet initiative is complementary to these accords and not contradictory to them as the Soviets seem to indicate. He said Romania favors the convocation of an international conference that will perpetuate and improve the Camp David accords. "We will move in this direction if the situation demands us to do so," he said.

CSO: 4404/121

ISLAMIC AFFAIRS

EGYPT, ISRAEL INDUSTRY MINISTERS DISCUSS CONTACTS, COOPERATION

TA120926 Jerusalem Domestic Service in English 0500 GMT 12 Nov 81

[Text] Industry and Trade Minister Gid'on Pat says all obstacles blocking Israeli exports to Egypt have been removed. Israeli businessmen can now go to Cairo on a multivisit visa, and goods will be transported overland. Reporting on the first day of the Egyptian industry minister's visit to Israel is (Harley Breagan).

[Begin recording] [Breagan] Taha Zaki told me he had received a very good impression of Israeli technology and was looking forward to joint ventures.

[Zaki] I am very optimistic about possibilities of collaboration between Egypt and Israel, and, therefore, as I said to my friend, His Excellency Minister Pat, that I foresee that within the next 6 months, and as we proceed--and the faster we proceed, the better--with the peace process, we'll be really collecting the fruits of the peace process. Already today there were at least maybe seven or eight Egyptian businessmen in Isratech exposition and, before they left I requested everyone of them when he returns to report to me and identify the possibilities for joint collaboration.

[Breagan] Industry Minister Pat has this to say on recent developments in Trade ties:

[Pat] For the time being I am satisfied of the fact that we are not exporting anymore just one or two items like we did last year, but a variety of items. In money terms it is not much. If we export to the world for something like 6 billion dollars and to Egypt for 20 million dollars, it's a drop in the bucket.

[Breagan] But the future was optimistic. Pat said they had agreed on joint research teams in solar energy, processing raw materials and textiles. Specific delegations would be taking part in Israeli trade fairs such as foodweek in January. And Israel's participation in the Cairo Fair next March would be much larger.

CSO: 4400/58

ISLAMIC AFFAIRS

BRIEFS

SINAI FORCE DECISION CRITICIZED--Damascus, 1 Nov (KUNA)--A prominent Palestinian leader Sunday criticized a number of European countries for "deciding" to share in a multi-national force in the Sinai and predicted that such a step will lead to the "deterioration" of Euro-Arab relations. Speaker of the Palestinian national council--parliament in exile--Khalid al-Fahum told KUNA that Britain, France and Italy's "approval" to share in this force "will set the whole region in a serious course," and will be considered "an aggressive action against the Palestinian cause and the interests of the Arab countries." He said "the decision confirms the European countries joining in Camp David policy which aims at liquidating the Palestinian issue and ignores the Palestine people's rights." The policy of current President of France Francois Mitterrand "greatly resembles that of another leader of the Socialist Party who contributed in the tripartite aggression on Egypt" in 1956, al-Fahum said. He added, "The attitude of present British Prime Minister Margaret Thatcher also leads to the same policy of the U.K.'s premier during that same period." [Text] [LD011610 Kuwait KUNA in English 1510 GMT 1 Nov 81]

CSO: 4400/58

LATEST PAN-GULF INDUSTRIAL MOVES EXAMINED

London 8 DAYS in English No 44, 7 Nov 81 pp 44-45

[Article by Paul Barker: "Industrial Cooperation in the Gulf"]

[Text]

HOPES that a joint industrial plan could be presented to the November Gulf Cooperation Council summit receded last month, when a meeting of Gulf industry ministers ended on 17 October, with a decision to set up a committee, under the chairmanship of Bahrain's Youssef al Shirawi, to work out detailed recommendations. This is by no means a sign that the vision of industrial cooperation as the vanguard of economic integration in the area is being strangled at birth, but is more an indication of the difficulties of coordinating — on paper and in policy — the many forms in which industrial cooperation already manifests itself in the Gulf.

Indeed, since the February declaration announcing the formation of the Gulf Cooperation Council, there have been several important steps forward on the industrial front. During the year, site clearing and other work has started at Sitra for Gulf Petrochemical Industries Company's (GPIC) combined ammonia and methanol plant, and by mid-November prequalified process engineers will have submitted their bids for the job of main contractor. GPIC is equally owned by the Bahraini, Kuwaiti and Saudi government, and was set up only last December.

In April, Qatar and Saudi Arabia signed two agreements for bilateral cooperation in the fields of petrochemicals, iron and steel. Under the agreement on petrochemicals, the two states are to prepare blueprints for joint ventures between the Saudi Arabian Basic Industries Corporation (Sabic) and the Qatar General Petroleum Corporation

(QGPC) aimed at utilising oil and gas reserves and avoiding the duplication of projects. The two states will also be examining the possibility of developing associated industries to complement the existing iron and steel mills at Jubail in Saudi Arabia and Umm Said in Qatar.

In July this year there was a significant change of personnel at the Doha-based Gulf Organisation for Industrial Consulting (GOIC) when Secretary General Dr Ali Abdul Rahman al Khalaf was replaced by a Saudi, Abdullah Hamed al Majed. Under the auspices of Dr al Khalaf, GOIC had carried out valuable research into the basis for both heavy and light industry in the Gulf, and had plans for a joint fibreglass factory, electric bulb manufacturing plant and a sheet glass works. Other projects in the pipeline included Gulf plants to produce intermediate and finished petrochemicals from local feedstock. A more executive role for GOIC might well be one of the ultimate recommendations of the ministerial committee recently established.

Joint cement production in the Gulf is also advancing apace. The Saudi-Bahraini Cement Company is already producing 3,000 tonnes a day from two kilns, and this production rate will increase to 6,000 tonnes a day by the end of the year, when the third and fourth kilns are completed. By the beginning of next year some of the company's cement will be sold in Bahrain as well as Saudi Arabia. The Saudi-Kuwaiti Cement Company has just received bids for its 2.4m tonnes a year clinker plant, which

will be the largest in the area.

Despite all these developments, there is a sense in which they represent cooperation (often only at a bilateral or trilateral level) rather than coordination. To a certain extent this is explained by the fact that coordination is not strictly necessary in certain industries: GOIC has shown, for instance, that the Gulf is likely to remain deficient in cement, iron and steel well into the 1990s, so that avoidance of duplication is not so important as ensuring plants are of sufficiently large capacity to effect economies of scale. In the case of aluminium there is little room for extra capacity beyond that already available in Bahrain and Dubai if the aim of the industry is principally to satisfy the local market, and this is one of the main reasons why the Saudis shelved their plans for a separate aluminium plant and took a share in Aluminium Bahrain (Alba) instead. But

REBELS REPORTED GETTING ARMS FROM VARIOUS COUNTRIES

London 8 DAYS in English No 43, 31 Oct 81 pp 24-25

[Article by John Stokes: "The Afghan Guerrillas' Armourers"]

[Text]

A US-SPONSORED plan to supply the Afghan rebels with arms has recently been exposed in the American media, which have published details of the CIA-organised campaign. Estimates vary, but at a conservative guess experts say that the US has so far spent \$30m-\$50m on helping the Afghan rebels, and even more has come from allies such as Egypt, Saudi Arabia, Oman, Pakistan and China.

Sources for this information have ranged from State Department officials speaking off the record to journalists, academics and Third World diplomats. The US has used the Afghanistan issue to gain entry to the Islamic world and boost its credibility among hardline Muslim countries such as Saudi Arabia and Pakistan. But the US position has forced countries like Pakistan to abandon any attempt at a negotiated settlement, which might have established Afghanistan's neutrality and aided the return of over 3m refugees. The US achievement, however, has been to bring together Islamic states, European democracies and Communist China in a secret alliance which can only mean increased bloodshed for the Afghan people.

China was one of the first countries to arm the Afghan rebels — only six months after the communist takeover from former President Daoud. As the Khalk faction of President Tarraki consolidated itself, it banned the Maoist group Sholay-e-Javaid, whose members fled into exile in China. Since then, the Chinese have funded and armed Sholay guerrillas who carry out raids largely in the northeastern province of Badakshan.

Since the Soviet intervention the Chinese

have dramatically stepped up their aid to nationalist and religious groups based in Peshawar, Pakistan. They have been instrumental in keeping the rebels stocked with ammunition, which they were particularly short of, for their Soviet-made weapons. Both the Chinese and the Russians use the standard 7.62mm Warsaw Pact bore for their automatic weapons. The Chinese have also provided SAM7 shoulder-to-air missiles, anti-tank guns and ammunition and an extensive range of light arms, grenades and explosives. Many of the rebels are former Afghan army men already trained on Russian equipment, which is very similar to the standard Chinese equipment that the guerrillas are now receiving.

Most of these goods are transported by truck down the Karakorum Highway that links China with Pakistan. The 170km-long road crosses the Hindu Kush near Skardu and this year it is to be widened at a cost of \$46m to cater for heavier traffic such as armoured vehicles. Earlier this summer, Chinese Prime Minister Zhao Ziyang visited Islamabad and promised both the Pakistanis and Afghans increased military help. Chinese naval and military delegations have also paid extensive visits to Pakistan and, it is reported, to the Afghan refugee camps. Pakistan has denied reports that the Chinese Navy is building a port on Baluchistan's coastline.

Egypt Just before he was gunned down, President Sadat told an American reporter what had in fact been well known for some time: that Egypt had been the US's principal 'front man' for clandestine arms supplies to the Afghan resistance. Egypt has been training guerrillas for nearly two years

— but only those belonging to groups officially recognised by the US, largely members of the less fundamentalist groups such as the National Islamic Front, run by Sayed Ahmad Gailani, a Washington and Islamabad favourite.

Egypt has supplied a wide variety of weapons from its stocks of Soviet-made armaments including sophisticated items such as radio equipment. The arms are normally shipped in by transport aircraft which land in Islamabad with Pakistani permission. Other arms go via Oman, where they are taken in by sea to the Baluchistan coast and then north by truck. Oman is the meeting point for all the major guerrilla leaders who want to make contact with the West and the Arab world, and is the focal point for the CIA's activities in coordinating aid and military training for the Afghan resistance. British help, which has been forthcoming on a small scale — although this is denied by the foreign office — is also channelled through Oman. Sultan Qabous has signed a defence agreement with the US for the use of the former British base on Masirah Island. Funds for the Afghans originating from the Gulf states and Saudi Arabia also go through Oman. Saudi Arabia's official aid goes through the Organisation of the Islamic Conference or the Pakistan embassy in Jeddah. Officially, the Saudis have handed over \$29m from public subscription for the refugees, but unofficial aid given directly to the rebel groups runs into many more millions of dollars. The usual practise is that guerrilla leaders will approach the Saudis to fund a particular arms purchasing project, such as buying arms in Europe or the Gulf. In this way the Saudis can avoid publicity. A fatwa promulgated by Saudi religious leaders allows the payment of local zakat tax directly to the Afghan refugees and the guerrillas. This is of great importance, because it means Muslims everywhere can follow suit, and public subscriptions to the rebels from such far-flung countries as the Philippines, Indonesia and Sudan have been on the increase ever since the fatwa was promulgated.

Iran shelters nearly half-a-million Afghan refugees, belonging mostly to the national minorities inside Afghanistan which have

their counterparts in Iran. However, the Tehran regime has been cautious as to whom it arms. Help is certainly going to Hazara rebels — the only Shites inside Afghanistan.

Although Iran refuses to talk to the Kabul regime and officially takes a strong line against the Soviet intervention, it has not annoyed the Soviets by openly arming the rebels and setting up training camps. Solidarity groups in the West are largely CIA or European intelligence agency fronts. The most important is the one based in Paris which has delivered thousands of dollars' worth of ammunition (bought on the European market), medicines, clothing and military equipment to the Afghan rebels. It has also sent in two teams of sympathisers who have distributed cash to the various resistance groups. Its most recent success was to set up a radio station inside Afghanistan for the guerrillas' use. The VHF transmitter, broadcasting anti-Soviet news, is aimed at both the Afghan people and the Soviet troops.

Pakistan has clearly played a major role, as none of this aid could ever reach the Afghans without the full connivance of the government of General Zia. However, the ruling junta has laid down a number of conditions for all aid givers. No country should officially acknowledge its role as a weapons supplier, arms should not long remain in the Afghan refugee camps without Pakistan, and all arms deliveries must be overseen by Pakistani officials.

Its aim has been to give as little as possible in the form of funds or arms for the rebel groups, but to take advantage of worldwide sympathy and get other countries to foot the bill. What it has offered is complete freedom of access to all arms givers who abide by the principle of secrecy, in order to avoid increased Soviet pressure on Pakistan.

● Muslim rebels now virtually control Kandahar, Afghanistan's second largest city, according to diplomatic sources in New Delhi. According to reliable accounts, government officials come into Kandahar during the day but withdraw to the safety of Soviet barracks near the airport outside the city by late afternoon. There were similar reports about the situation in Herat.

OIL MINISTER INTERVIEWED ON STATUS OF OIL MARKET

Paris AN-NAHAR ARAB REPORT & MEMO in English No 45, 9 Nov 81 pp 8,9

[Interview with Belkacem Nabi]

[Text] Algeria's Oil Minister Belkacem Nabi clearly did not enjoy the OPEC meeting in Geneva on October 29. After the agreement on a unified pricing structure, Mr Nabi met a selected group of French-speaking correspondents, among them AN-NAHAR ARAB REPORT & MEMO's Randa Takieddine. Translated extracts from Mr Nabi's press conference follow:

Q: Are you satisfied with the results of the meeting?

A: It is not a question of being satisfied or not. I think we have been going through a disturbed period for the past two years insofar as the policy OPEC wants to follow in supplying energy to consumers is concerned. This was after what you all call the second oil shock. But shocks are not permanent. There is always a time when shocks pass. This is what has happened now and things are returning to normal. It may be a balance achieved in one way or another, but in any event it is a balance within the organisation.

Q: It seems there will be a difference of \$1 to \$1.50 between North African differentials. How do you explain this?

A: By the lack of coherence in OPEC in situations in which an equilibrium is being sought.

Q: Do you agree with this?

A: Personally, I do not find this to be normal. But we are 13 countries which have to decide and one sometimes has to accept very irrational things. The 13 countries do not have a common vision of the future of energy.

Q: Will your country risk having to pay for this difference in the prices of African crudes?

A: I do not think so. This is because experience has shown that while price is definitely a basic factor for consuming countries, it is not only the price that is taken into consideration. There is also the question of relations between consuming and producing countries and the question of security of supply and of the continuity of trade relations between our clients and our country.

It is not mere coincidence that Algeria managed to sell its oil at \$40 per barrel when others failed to sell their oil even at \$34. The reason is that Algeria has always applied the official price when other countries asked for \$6 to \$7 more than the official price when the spot market clearly favoured the seller... OPEC is indeed an organisation, but its members are traders, and trade relationships are very important in the daily interactions between sellers and buyers.

Q: But this agreement has given Nigeria a definite advantage over North African producers, notably Algeria and Libya. Is it possible that between now and December you will reconsider and reduce your price?

A: No. Today's agreement is only valid for one month. In December, we will meet again and we hope that coherence will prevail then. There are some countries which panicked. They lost their share of the market and want to regain this share, unfortunately or fortunately, depending on which side you are on. They believe that, by reducing (their price) by \$1, this would enable them to take back their part of the market. We will see in December whether or not this is valid reasoning.

Q: Is a change in this situation possible in December? At least insofar as differentials are concerned, if not the basic price?

A: Yes, it will change. Anyway, differentials are a part of the price.

Q: But is not the price of the marker crude frozen until the end of 1982?

A: Yes, the marker crude is frozen. But the sale price may change.

Q: Do you believe that an agreement can be reached within a month between the three African producers?

A: There is not just the question of differentials for North African exporters. There is also a gap between the differentials of Gulf countries as well. Some of the Gulf exporters panicked. Look how some of these countries rushed to reduce their differentials because some of them think they are not selling sufficient oil and they want to boost their sales.

I don't think it is a secret to anyone that when the market favours the seller, every seller tries to have the best differential and when the market favours the buyer, the tendency is to do the utmost to reduce differentials. The thinking is that this is a good way to improve one's competitiveness in the market.

But there is a very important new element now. There is one marker crude. Saudi Arabia has increased its price and has reduced its production. Now, winter is coming, there will probably be a slight improvement in the economies of industrialised countries and the dollar will probably stabilise its value if it does not go down. Many financial experts feel the dollar has reached its peak. All these elements will come into play and will affect the decisions of our meeting in December.

Q: There was a move at the OPEC meeting in Abu Dhabi in 1978 to widen the difference in prices for light and heavy crudes on the premise that there should be an increase in the volume of sales of heavy crudes over lighter ones in view of the structure of reserves in OPEC countries. We get the impression that the Abu Dhabi meeting in December will mark a return to the *status quo ante* 1978, with prices of heavier crudes rising and those of light crudes being reduced in order to make light crudes more competitive. Is this a step backwards for OPEC?

A: If this should happen, I do not think it would be a step backwards for OPEC. But it would not be a positive step for consumer countries because everyone knows that light crudes have a wider utilisation than heavier ones, that reserves of light crudes are much more limited than those of heavier crudes and that industrial countries need both heavy and light crudes. Consumer countries would be badly affected.

Q: Do you wish to boost the level of your oil production?

A: Our production policy is determined by a number of elements, in particular our policy of conserving our resources. Prices are not the fundamental element when we consider our production policy, notably because Algeria does not produce crude only. We produce condensates, we produce gas and, now, petrochemicals. So crude is only one element in determining Algeria's revenues.

Q: What is the level of production in Saudi Arabia that is needed to produce a balanced market?

A: In our view, the desired production level for Saudi Arabia is 7 million b/d.

Q: What are your suggestions for OPEC's long term strategy?

A: First, OPEC should have a coherent and logical view that is not over-sensitive to prevailing circumstances. Your colleague has just mentioned that it was believed two years ago that the prices of light crudes should be increased and those of heavier crudes reduced. This is in the long term strategy. But that strategy was drawn up two years ago and it is a strategy which brings the organisation which elaborated it to do exactly the opposite. The least we can say is that it is definitely a questionable strategy.

Either the strategy is not coherent and it should be reviewed, or else the behaviour of OPEC is not coherent and should be changed - or at least the behaviour of certain of its members. There is clearly something

abnormal when you have a contradiction between the strategy document and the current facts facing the organisation. The first thing to do is to reach a coherent and acceptable consensus on the perspectives for energy in the long run.

Q: Does that mean you totally reject the long term strategy:

A: I reject nothing. I only say that there is a contradiction between what is written and what is done within OPEC.

Q: Have you presented new proposals for the strategy:

A: We have made some proposals and some have been accepted. Some are being considered, but everything concerning the long term strategy is under reconsideration. What we ask for is more coherence.

CSO: 4500/48

INTERVIEW WITH SUZANNE MUBARAK'S UNCLE

London AL-MAJALLAH in Arabic No 88, 23 Oct 81 pp 32-33

[Interview with John Palmer, Suzanne Mubarak's Uncle, in Bounty Bride in Wales, by Najwa al-Tami; date of interview not specified: "AL-MAJALLAH Interviews Maternal Uncle of President Mubarak's Wife"]

[Text] As Egypt's new president, Husni Mubarak, assumes the reigns of power, his wife, Suzanne emerges by his side as Egypt's first lady. News sources have communicated the fact that she is half British since her mother is from south Wales. It is in Wales, specifically in the village of Bounty Bride, that retired truck driver John Palmer still lives. He is Suzanne's maternal uncle. AL-MAJALLAH visited him in his home and conducted the following interview with him.

[Question] When was the first time you saw your niece?

[Answer] Suzy--this is what we call her in the family--came to visit us in Bounty Bride when she was 12 years old. She stayed for 6 months, and my sister enrolled her in an elementary school so that she could learn the English language and the language of the Welch people as well.

[Question] What was your impression of her at the time?

[Answer] I was quite impressed by her and by her disposition. I remember I used to call her my little princess because she had long hair and she let it hang behind her back. When we saw her again about 8 years later, she had become a young woman and had married Husni Mubarak. She was accompanying him on a visit to Britain to attend the Farnborough airplane exhibition. Suzy and her husband came to visit us here in the village, and we spent a delightful family evening together.

[Question] What did you think of Mr Mubarak after this visit?

[Answer] We thought he was a judicious young man, and our opinion of him was confirmed when we had an opportunity to meet him and to be with him more often late in 1980 when he came to Britain in an official capacity to consult with Mrs Thatcher, Britain's prime minister. The Egyptian

embassy made plans for us to meet him and his family. We stayed with them throughout their visit in Britain at Claridge's Hotel in London.

[Question] What kind of a president do you think he will be?

[Answer] I believe he will play a good role for his country. He is an educated man, and he is not a novice in the world of politics. He has been vice president long enough to have acquired the experience [that would enable him to do] his new work as president. I believe he will be firm. When I met him in 1980 I noticed that he was a determined man who holds firmly to his opinions on certain points despite the fact that our entire conversation centered around family matters. But I do know that he is a strong believer in peace, and I believe that he is sincere when he says that he will pursue the course that al-Sadat had pursued, although I hope his opponents will not do the same thing to him that they did to al-Sadat.

[Question] When was the last time you met Mubarak's family?

[Answer] Early this year. We spent a 21-day vacation in Egypt, from 21 December 1980 to 4 January 1981. We were guests of Suzanne's father, but we used to go every day to the home of Mubarak and Suzanne in Misr al-Jadidah [Heliopolis]. It was an enjoyable trip. It was the first time for my wife, my grandchild and me to fly. Everything was new for us, especially the security measures that surrounded us because we are living here like ordinary people, and we are not accompanied by guards or soldiers.

[Question] Were you under these precautions for the duration of your visit?

[Answer] Yes, we were accompanied by a guard everywhere we went. I remember that when we went to visit the Egyptian museum, Suzanne was with us. Motorcycles preceded our car; the director of the museum greeted us, and there were no visitors in the museum all the time we were there. We also have beautiful memories of the pyramids, of Luxor and of Aswan where the governor greeted us and planned a full itinerary for our visit. We used to travel in some areas in President al-Sadat's airplane.

[Question] Who suggested the visit and when?

[Answer] Mubarak's family suggested it when we went to see them in London late in 1980. The family suggested the idea. And when I say family, I mean Husni, Suzy and the children. But I want to make an important point. We paid for this visit; it was not at the expense of the Egyptian government as has been said of the visits made to Egypt by Mrs Jihan al-Sadat's relatives.

[Question] Tell us something about your sister, Suzanne's mother.

[Answer] She was an educated woman, with a refined taste. She loved music and she used to read a great deal. We even used to say that she took all the brains in the family and did not leave anybody a share. She worked as a nurse at Cardiff Hospital where she met her husband, Dr Thabit,

Suzanne's father. They fell in love and got married, and then she went to Egypt and lived with him. She had two children, Munir, or Tony as we call him, and Suzanne. She learned Arabic, and she died and was buried in Egypt in 1978.

[Question] How do you feel about being related to Egypt's new president?

[Answer] I am excited, but I am also somewhat worried and tense because of conditions. I hope things will settle down because I think Husni is a respectable and an admirable man. By the way I received a letter from a British lady who asked me the same question, and my reply to her was that this was not the first time that a member of the family had become a well-known political figure. My maternal uncle, William Hales, was prime minister of Australia for a while. President Mubarak's case, however, is closer to home because I am like an uncle to him, am I not? He always calls me Uncle John, and he calls my wife Aunt Nelly, just as Suzanne does.

[Question] Have you been in touch with Mubarak's family recently?

[Answer] Yes, of course. We correspond with each other, and we exchange greetings on the occasion of Islamic and Christian feasts. This was before the recent events. At the present time I make inquiries about them through the Egyptian embassy in London. We send them verbal messages and they send us verbal replies through the military office. The most recent example of that was the verbal message I received in response to my questions about what happened during the assassination.

[Question] What were these questions?

[Answer] They all naturally had to do with the safety of the family. I asked whether or not Husni had been wounded, and I was told that he was wounded in his left hand. I asked if Suzanne had attended the parade, and I was told that she was on the stand with Jihan al-Sadat and the rest of the ladies but that none of them had been hurt.

John Palmer

--Suzanne's maternal uncle lives in a modest home, like older retired people do in Britain, with his wife Nelly and his granddaughter, Christina.

--Munir Thabit, Suzanne's brother is working in the Egyptian embassy in Washington.

--Husni Mubarak has two children: 'Ala' and Jamal. The family in Britain call them Allen and Jimmy.

--Suzanne's mother was a nurse in one of the hospitals affiliated with the Prison Administration in Egypt.

--Suzanne attended the American University [in Cairo] where she studied sociology and economics. She married Husni Mubarak when she was 17 years old.



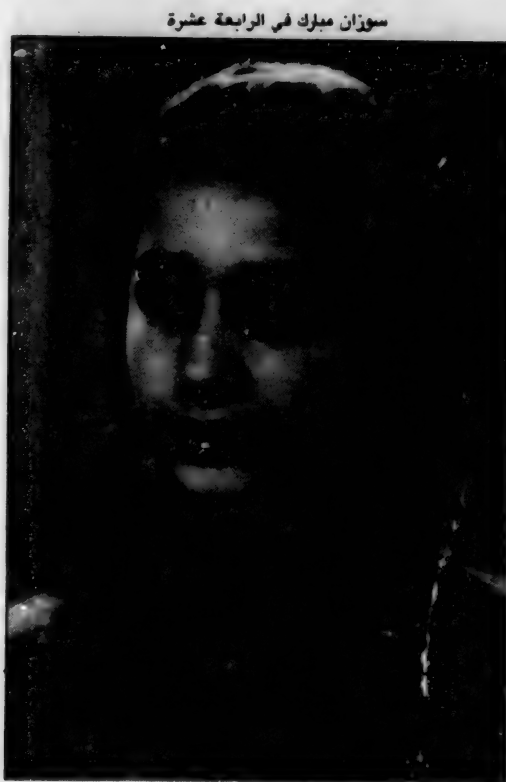
سوزان مع جدتها ووالدتها تحمل علاء

Fig 1



حسني مبارك مع ولديه علاء وجمل

Fig 2



سوزان مبارك في الرابعة عشرة

Fig 3



خال سوزان مبارك وزوجته

Fig 4

PHOTO CAPTIONS

1. Suzanne, with her grandmother and her mother carrying 'Ala'.
2. Husni Mubarak with his two sons, 'Ala' and Jamal.
3. Suzanne Mubarak at 14.
4. Suzanne Mubarak's maternal uncle and his wife.

8592

CSO: 4504/65

IRREGULARITIES BESET FOREIGN TRADE SCENE

Aid From India Requested

London 8 DAYS in English No 43, 31 Oct 81 p 41

[Text] Iran has asked for India's help in setting up small cement plants, foundries, and developing the castings, forgings, ceramics, electronics and mining industries. The request was conveyed by Iran's housing and rural development minister, Mohammed Shahab Gonabadi, during a meeting last week with the Indian planning minister, Narayan Dutt Tiwari.

According to the official statement, Iran has also requested help in increasing supplies of building material and creating increased capacities in the construction industry. The Iranian delegation spent a week in New Delhi before travelling on to Moscow.

NZ Lamb Shipment Held Up

London 8 DAYS in English No 43, 31 Oct 81 p 53

[Text] A SHIP loaded and ready to sail for Iran with New Zealand lamb is being held in port because Iran has not paid for earlier shipments. Iran now owes the New Zealand Meat Board NZ\$24m (\$29m) and the board has adopted a get-tough policy. In September, the Iran Central Bank stopped approving letters of credit for imports and New Zealand meat exporters have not been paid.

The Blue Port Line vessel *Mandana* finished loading 3,200 tonnes of lamb for Iran three weeks ago but has not sailed. Other shipments on the water and already in store in Iran have also not been paid for. One South Island meat processing company has held back payments to farmers who supplied lamb for Iran earlier in the year because the company itself has not been paid.

Meat Board chairman Adam Begg said the situation has reached a stage 'where it needs to be brought home to the Iranian authorities that the delay in payment is a breach of our contract.' The late payment

could have a considerable effect on New Zealand's decision to supply lamb to Iran next year.

Last season Iran bought 30,000 tonnes of New Zealand lamb worth about NZ\$70m (\$84m). There were some delays in payments from Iran but these all eventually came through. This year the delays are much longer, the amount of money involved is much greater and there is no indication that payment is likely soon.

● Turmoil in Iran and Afghanistan has ruined an overland trade route that was becoming a major link between Europe and the Indian sub-continent. International traffic through the customs post at Torkham on the Pakistan-Afghan border has virtually disappeared. Bi-lateral trade between Pakistan and Afghanistan had also been cut, to one-tenth of what it was.

Before that, customs revenue collected at the post, located 50km from Peshawar, had doubled in two years to \$7m as merchants in Europe switched from sending goods by ship to road transport.

The fall of the Shah nearly halved the customs revenue, and the Soviet intervention in Afghanistan sent it plummeting further. The road between Torkham and Kabul became a major guerrilla target. Travelling became increasingly dangerous. The latest figures show that in the year ending June only \$150,000 was collected at Torkham. Pakistan's bilateral trade with Afghanistan has dropped from about 130 trucks a day travelling in each direction to about 40.

Disruption of Petroleum Output

London 8 DAYS in English No 43, 31 Oct 81 pp 54-55

[Article by Philip Marfleet: "Confusion Over Iran's Oil Supplies"]

[Text]

AS OPEC's oil ministers were gathering this week in Geneva for their special conference on pricing, there were fresh indications of the extent of difficulties faced by Iran. Previously among the most obdurate of opponents to Saudi Arabia's calls for a lower official price, Iran recently announced that it would peg the value of a barter deal with Romania 'at the Opec price', rather than specifying the \$37 a barrel it had insisted on in previous deals. This was the first hint that the Iranians might consider reluctant acceptance of a unified Opec price lower than its preferred level.

Figures on Iran's current oil exports are shrouded in secrecy, and recent reports that they had been seriously disrupted by further war damage are in dispute. The Iraqis claim that air raids on Gurreh pumping station last month have caused chaos at Iran's Gulf terminals, and the National Oil Company of Iraq says that Iranian exports would decrease by 90 per cent as flows to the huge Kharg Island terminal dried up.

The independent Middle East Economic Survey (MEES) has confirmed that Iran has been unable to pump oil to Kharg. Tankers are said to be still loading there, but are rapidly emptying stockpiles. The terminal can store 6m barrels. Given the extent of damage claimed by the Iraqis, these reserves should be close to exhausted, but in London sources in two major oil companies denied that there had been any interruption to regular supplies and said there was no indication yet of a dry-up.

Evidence of disruption, says MEES, comes from Iran's own customers, who

have been warned that in future they will be expected to load from the small Lavan and Sirri oil terminals further down the Gulf. The joint capacity of the terminals is some 200,000 barrels a day, not enough to compensate for the 300,000 b/d of the Kharg outlet, if, as alleged, it has ceased to receive oil through the Iranian pipeline network.

Iran disputes the claimed extent of the damage at Gurreh and its effects on exports, though in London an Iranian official did not deny that there had been a disruption of supplies. Iraqi claims, he said, were grossly exaggerated. According to the *Financial Times*, Iran's current output is about 400,000 b/d. This is 20 per cent down on an earlier October estimate of 500,000 b/d and may indicate a disruption to flow, but not the catastrophic decline that others have described.

The problems at Gulf terminals came soon after a series of contractual difficulties for Iran's oil industry. A team from the National Iranian Oil Company (NIOC) met representatives of 13 Japanese oil companies, British Petroleum and Royal Dutch/Shell in London, in an attempt to establish new terms for nine-month contracts which had counted for a substantial proportion of Iran's oil exports.

The talks produced mixed results. BP ceased to lift Iranian crude after 30 September, while Shell renewed its agreement for 100,000 b/d, but only until March 1982. The Japanese are said to have withdrawn from their contracts to draw 250,000 b/d. London sources in the oil industry said that

the companies were 'very unhappy' with the prices requested by NIOC, though negotiations were continuing.

Recent developments have resulted in a substantial restructuring of Iranian oil markets. Iran has cancelled all production and exploration contracts with a group of major western companies. Shell, BP, Compagnie Francaise des Petroles and Exxon were among those who were told last month that all agreements signed before the Islamic Revolution were now void.

They had belonged to a 14-strong consortium of companies formed to exploit Iranian oil in 1954 after the overthrow of Mohammed Mossadegh. The consortium agreement had been negotiated in 1973, when the bulk of the Iranian oil industry was already in the hands of the NIOC. In an official statement from the oil ministry in Tehran members of the consortium were said to have 'plundered the oil resources of Iran from 1954 to 1973 while Iran, the justified owner, had only little to benefit from the contract'.

The cancellation was said by the companies merely to be a formal confirmation of existing arrangements.

A large proportion of Iranian production is now being taken up by Eastern European countries. On 1 October, Yugoslavia started to lift Iranian crude as part of a deal which will last until December 1982. Yugoslavia will take 56,000 b/d during the last quarter of 1981, and the balance of 1m tonnes at a rate of 20,200 b/d during 1982.

Following the Yugoslav agreement, Iran signed a protocol with Romania for at least 4m tonnes of Iranian crude. The agreement in principle also provided for 30,000 b/d of Iranian oil to be processed by Romanian refineries. The deal should be finalised within two months.

Both Eastern European deals include arrangements for exchange of manufactured goods for Iranian oil, and Iran is pressing for further barter deals. Iran will buy 75,000 tractors and 50 locomotives from Romania, leasing a further 30 locomotives. Romania has promised technical assistance and spare parts to reconstruct installations damaged in the war with Iraq. The value of such barter deals is dictated by the value of oil. A reduction of \$3 a barrel to \$34 would have a significant effect on Iran's bargaining power.

CSO: 4600/122

AHWAZ LIBERATION FRONT STATEMENT

London AL-DUSTUR in Arabic No 204, 19 Oct 81 p 14

[Text] During the last week of September, the preparatory committee for the Ahwaz Liberation Front (ALF) held a special meeting during which it confirmed the beginning of its political and organizational activities for the leadership of the people of Ahwaz. This was similar to the "Strong Arab reply which our brothers in Iraq directed toward removing all signs of Persian imperialism and authority in its two faces: the racist and the religious; the Shah's and Khomeyni's."

The Front approved in its meeting the names of the Ahwazi [citizens] who have taken leadership responsibilities there. Sayyid Hadi Sayyid 'Adnan al-Musawi was elected general secretary of the Front, assisted by a committee of 10 people among whom are the deputy director of security and the deputy director of the secretariat and other members. The following statement was also issued:

"Dear Citizens of our Arab nation:

For the past half century or more, the people and the land of the Arab Ahwaz have been under Persian occupation and control, who used the worst methods to destroy, defeat and mislead the citizens of this Arab region.

Our Arab people's fate in Ahwaz was not different from that of the defeated Iranian people. So all of them rose to demand the realization of their nationalistic identities. Our Arab people's destiny in Ahwaz was to offer many martyrs who were against the Shah's organizations, in the hope of establishing a regime that ensured nationalistic independence and respected the honor of Islam and spreading it in the world, carried by the brave Arabs. But our people were disappointed very soon after Khomeyni took over. Within a few days, the Arabs in Ahwaz were the first to be racially stabbed in the back, embodied in the Persian racist spirit that had raised the banner of animosity against the Arab nation since more than 40 centuries.

Khomeyni and his entourage who call themselves religious men suppressed and punished our people severely, trying to prevent these good people from speaking their own language: the language of the Koran.

However, these struggling people refused to yield to this new injustice. They raised the banner of struggle another time, and pushed their best children to armed struggle to attain freedom and independence and to achieve an honorable way of peaceful living

on their land. If there is anything worth mentioning and which will remain in the conscience of these people and this nation, it would be the stand of our people in Iraq, whose blood was shed for the liberation of this area of the Arab nation. Let the blood of those Iraqis mix with the good blood of the Ahwazis for the recovery of our precious Ahwaz, as our faith remains deep that God and history will remember Iraq in its new Arab [holy] mission by what it offered as support in the form of money and men for the liberation of our people and their honor to belong to the Arab nation."

9455

CSO: 4404/109

'POST' COMMENTS ON SHARON 'RED LINES' DOCTRINE

TA091019 Jerusalem POST in English 9 Nov 81 p 8

[David Landau commentary: "Sharon Doctrine for the Jordan"]

[Text] Defence Minister Ari'el Sharon recently spelled out some basic tenets of Israel's defence doctrine in laudably clear and straightforward terms. Doubtless his words were culled and mulled over with care in the chanceries of the surrounding states.

Sharon spoke of "red lines," the crossing of which would be a casus belli for Israel. Thus, he explained, if Syrian troops were to cross into South Lebanon; or if Iraqi troops were to cross into Syria or Jordan; or if Egyptian troops were to cross into Sinai in excess of the numbers permitted under the peace treaty--in any one of these cases, Israel would have to go to war.

(Sharon added that the production or possession of nuclear weapons by an enemy Arab state would also trigger armed action by Israel.)

The defence minister's red line approach harks back to David Ben-Gurion who laid down that Iraq's entry into Jordan would be regarded by Israel as an act of war. The deterrent-effectiveness of that warning lasted for nearly two decades.

Indeed one need hardly be an expert strategist to appreciate the good sense of a red line policy. A small state with a powerful striking arm, surrounded by enemies, cannot wait until the threat is right on its doorstep before striking back.

And it is as well that Sharon spoke out clearly, so that our enemies (and friends too) are forewarned and that they cannot act (militarily) as they please--even on territory that is not contiguous with Israel's borders.

The question is, though, why shouldn't the "Sharon doctrine" apply to the Jordan River?

The Sharon doctrine establishes that Israel's red lines are not identical with its borders, but are drawn deep inside Arab, cannot the Jordan River be another strategic red line? Why must the government seek to establish Israel's political border along that river?

Or, put another way, how can the Likud Government advance strategic arguments for Israel retaining the West Bank when its defence minister has determined that Israel need not hold a territory in order to lay down a strategic red line along the edge of that territory?

Israel could divest itself of the political albatross that is the West Bank while determining--according to the Sharon doctrine--that the Jordan River shall always remain its strategic red line. The West Bank, under whatever rulership, would be virtually demilitarized, and if any attempt were made to bring heavy weapons across the river--that would be a casus belli for Israel.

Because of the narrow dimensions of the whole area, Israel could rightfully insist on permanently maintaining some IDF presence on the mountains or on the river. As Premier Begin often points out, there is a hint of this in the Camp David agreement itself: "All necessary measures will be taken to assure the security of Israel and its neighbours during the transitional period and beyond."

The Sharon doctrine, then, irrefutably strips away the "strategic" argument from the greater Israel (Eretz Yisra'el Hashlema) thesis. That thesis, of course, retains its historical, religious, metaphysical and other wordly arguments. Perhaps the famous French adage fits it best: *c'est magnifique, mais ce n'est pas la guerre*--it is lofty, but it has nothing to do with the strategy of warfare.

CSO: 4400/58

ARMY CRITICIZED FOR WEST BANK COLLEGE POLICY

Jerusalem THE JERUSALEM POST in English 21 Oct 81 pp 3,7

[Article by Benny Morris]

[Text]

A committee of five Hebrew University teachers has rejected the charge by "senior military government sources" that the academic activities of the West Bank universities "are at best a cover up for political activity and, at worst, for subversive activity."

The five recently published an unofficial report on "The Condition of the Universities in the Occupied Territories" based on months of investigation begun in December 1980. The report recommends that the military government rescind "Order 854" and "refrain from closing universities" (in the territories) as a means of punishment or to prevent disturbances.

Neither the IDF nor Defence Ministry spokesman would comment on the report.

The 14-page document was compiled by Ruth Gavison (jurist), Yehoshua Kolodny (geologist), David Kretzmer (jurist), Eliezer Rabinovitch (physicist), and Menahem Ya'ari (economist).

Order 854, promulgated by the military government in July 1980, is an Israeli addendum to Jordanian (Education) Law No. 16, and extended the Hashemite law — which dealt with kindergartens and schools — to cover the West Bank universities. The order and its appendices empower the government to annually license the universities, to oversee (and veto) appointments of academic staff and the selection of students, and to supervise curriculum and textbooks.

Stating that the Order "allows for infringement of academic freedom," the report calls for its rescission.

"The fact that the Order has not been invoked since its promulgation strengthens our conclusion that it was unneeded," states the report.

The committee of Hebrew University academics confined its investigation to the condition of Bir Zeit, near Ramallah, Bethlehem University, Najah University in Nablus, the Islamic College in Hebron and the Religious College in Gaza and to those "orders and procedures directed especially at the academic institutions and which apply restrictions to them over and above those which apply to the general population."

"Even though there is some support for the view that disruption in the conduct of studies, that stems from friction with the military government, may help a university in its public relations in the Arab states, the committee's impression is that the administrations made great efforts to assure the regular execution of the curriculum, in spite of their awkward position between the hammer and the anvil," the report states.

The report found no evidence for the charge that teaching at the universities, primarily at Bir Zeit, "perverts reality and has little regard for the truth." The committee, for example, was told that the geography of the Land of Israel was taught with maps on which Israeli

settlements do not appear. But it found that Bir Zeit uses State of Israel Survey Department maps and the course includes a tour of Israeli sites.

"There is no doubt that during the course...there is also discussion of Israeli settlements which were erected in places on which previously Arab settlements stood. Obviously this fact may be presented in various ways. However, the committee found no evidence that the study of geography at Bir Zeit is based on denying facts."

The committee also investigated the charge that Bethlehem University, in dismissing its outgoing president, Brother Joseph Lowenstein, had acted to the detriment of academic freedom. The report points out that Lowenstein was fired because the Jordanian government refused to grant the university academic recognition, one condition for which was acceptance of the university by the Association of Arab Universities. The Association accepts as members only universities with Arabs at its head — hence Bethlehem was forced to appoint an Arab in place of Brother Lowenstein.

"After hearing, this, the committee concluded that the decision of the university resulted from the academic straits in which the university found itself, and not from indifference towards academic freedom in the institution."

Looking at the positive aspects of the relations between the universities and the military government, the report points out that in 1967, at the start of the occupation, there were no universities in the administered areas whereas today there are five. "Furthermore, the military government itself approved the establishment of these institutions," the report says.

The report also points out that

the military government over the years has allowed teachers from Arab states (mainly Jordan) to lecture at the West Bank universities, and the Israeli authorities recognize the degrees awarded by these universities (for the purpose of salary increments for teachers, for example.)

But on the negative side, "the committee gained the impression that neither the military government nor the universities are interested in cooperation beyond the minimum called for."

In substantiating this impression, the Israeli academics point out that the military government refused to permit "nursing students from Bethlehem University to get practical training in government hospitals in the territories and (refused to allow) student teachers to practise-teach in government schools."

"Thus," the report states, "since the establishment of the institutions, reciprocal relations between them and the military government have been limited for the most part to events of a negative sort in which the military government was engaged in a struggle with one or another of the universities."

The report points out that the military government has over the years closed down universities five times and the committee defines closing a university as "an act of collective punishment and as such... unacceptable."

The report also criticizes the military government, at least in three cases, for refusing to allow persons to serve as university faculty members, despite permission to live in and move about the territories.

The report also criticizes the West Bank government's "refusal" to allow the "creation of additional departments" in Bethlehem University and the refusal to allow Najah

University to build a new campus, thus curtailing its scholastic expansion.

The report, however, stresses that "there has been no real friction between the military government and the universities" with regard to "student admissions, setting curriculum and budgeting."

The report states that the only controversy between the authorities and the universities concerning admissions stemmed from Bir Zeit's apparent easing of admission conditions for persons who had previously served prison terms for security offences. "It is no surprise that the authorities disapprove of this policy. Nonetheless, it was our impression that they acted with restraint in this matter, and limited themselves to expressions of protest."

As to the universities' receipt of most of their funds from Arab states hostile to Israel (and, reportedly, from the PLO), the report states, "Although some of the funding sources ... are certainly not to the liking of the military government, it has so far shown no tendency to interfere with the budget policy of these institutions."

Nor, states the report, has the government attempted to cancel or restrict courses. But the government does "limit access of the universities to radioactive materials."

The report also condemns the government's censorship of books in the West Bank, from which 658 books officially have been banned. (The military government refuses to publish the list.) "As academics, we object to all restrictions on books, but in the framework of our present inquiry we express no opinion about the general policy on the matter. We merely ask that the military government reconsider the ban, or at least try to limit it as far as possible. Even if the general ban is maintained, we recommend allowing universities to order a reasonable number of copies for an academic library of any book."

SOCIOECONOMIC STATISTICS REPORTED

TA050931 Jerusalem POST in English 5 Nov 81 p 1

[Report by Shlomo Ma'oz]

[Text] For the first time in the history of Israel, emigrants have outnumbered immigrants during the last two years, government statistician Moshe Sicron disclosed yesterday, presenting journalists with the 1981 statistical abstract.

Other established trends which continued during the period covered were lower marriage and birth rates, more divorces and fewer immigrants.

During each of the last two years, emigrants outnumbered newcomers by approximately 10,000. Projections for this year point to a total of some 11,000 immigrants, with about 20,000 persons expected to leave. The immigration figure is the lowest in Israel's history with the possible exception of 1953, when about that number arrived. Estimates peg the total number of emigrants since 1948 at 300,000.

Israel's population is expected to reach 4 million in April or May of next year, and if recent demographic trends continue, there will be 5.5 million citizens in 2000. Of these 4.3 million will be Jews, an increase of 30 percent, and 1.2 million non-Jews, a 90 percent rise. During the last decade, the population has increased by 900,000 including 700,000 Jews.

Only 94,300 babies were born in 1980, down from 95,600 in 1975. The birth rate for Jewish women dropped from 3.4 per person in 1970 to 2.8 per person last year, with the gap between various ethnic groups dropping in recent years. Among non-Jewish women, the drop for the decade was from 8.9 to 6.0.

The number of Jewish marriages fell from 28,000 in 1975 to 24,700 last year. The sharp drop is partly explained by the aging of the country's population, but lower figures were registered for all age groups. In addition, divorces were up, affecting 6 percent of all couples during the first 5 years of marriage and 10 percent during the first 15 years.

The number of women working outside the home has steadily increased from 31.6 percent in 1975 to 37 percent in 1980. The country's total labour force grew during the same period by 15 percent, reaching 1,218,000, with the number actually employed (accounting for higher unemployment) rising by 11 percent.

Especially large was the increase in employment in financial services--39 percent-- and in public services--2 percent. The industrial labour force grew by only 7 percent.

Workers from the administered territories constituted 5.4 percent of the Israeli labour force. Numbering 72,000 last year, they were 34 percent of the territories' total work force.

While families shrank in size, the standard of living showed a steady increase. Real net income of workers is expected to rise by between 8 and 10 percent this year. In 1980 the figure was already 21 percent higher than 5 years previously.

A consumer goods survey showed that by 1980, 3.7 percent of all families owned a deep freezer, 2.6 percent an automatic dishwasher, 34 percent a colour television and 87 percent a black-and-white model. Telephones could be found in 61.5 percent of all homes, private or commercial vehicles parked in front of 36 percent. A total of 12.3 percent enjoyed central heating, 21.6 percent gas heaters, 14 percent electric radiators, and 33 percent kerosene heaters. Air conditioners were owned by 8 percent of all households, 48 percent had electric water heaters and 42.5 percent solar units.

CSO: 4400/58

MAJOR GENERAL BEN-GAL INTERVIEWED ON LEBANON OPERATIONS

Tel Aviv MA'ARIV in Hebrew 4 Sep 81 p 20

[Interview with Major General Avigdor (Yanush) Ben-Gal, commanding general of the Northern Command, on the occasion of his leaving his command, by Edna Pe'er; date and place not specified]

[Text] "I am a professional soldier. I can serve today in any army in the world, and theoretically and professionally I can do this in an excellent manner because I am a professional soldier. However, in terms of identification and emotion, I can serve only in the IDF," said Major General Avigdor (Yanush) Ben-Gal this week before his leaving his position as commanding general of the Northern Command.

[Question] It is said that you rejoice in combat, that you always rush into action, and with all your strength. Is this true?

[Answer] Yes and no. It depends . . .

[Question] I will ask you something else. When you were commander of Brigade 7, you said that you would want to be a "wartime brigade commander." As a major general have you maintained that attitude?

[Answer] Yes. I will tell it like it is. A cold answer, and to a large extent unethical and unconscionable, and I know that it will be difficult for civilians to understand this. If there were no need for war, armies would not be formed. As a professional military man, I can express my full, true capability only in time of combat. My entire mission is eventually to fight, and therefore, I prepare myself and others. I exist for this purpose, no matter how beastly, cruel, and unpleasant this may sound. Why do I wear a uniform if not to fight?

[Question] And you rush into battle in order to accomplish this mission of yours?

[Answer] I rush not in order to realize my personal desires but only when I come to the conclusion that there is no alternative for solving the problems of our conflict. Only then I am not embarrassed and I do not hesitate to make a recommendation and push for it.

[Question] Does perhaps your "professional bias" as a professional soldier reject other solutions?

[Answer] The more my level rises and the more I move up in grade, the less and less I push for it. Today I am more considerate and more balanced because I have acquired additional tools which are not precisely focused on a solution entailed in military force. In general I believe that today I am more cautious and more moderate than ever. Also because I recognize my particular importance and my considerable influence.

I Have Already Become Embroiled "with Such Matters"

[Question] How, for example, did you use your influence in the intervention in Lebanon, in Zahlah, in the decisions to shoot down the helicopters, and the bombing of the headquarters in Beirut?

[Answer] This was not the responsibility of the Northern Command. You are asking me questions which in order to answer them, I must analyze the political echelon and the General Staff echelon, and I am not in a position . . . at least not in an interview at my separation from command in order to judge others . . . I have already become embroiled with such matters, and I have been censured and I have already had contentions with the press . . . I have a problem with this, therefore I am very cautious this time . . .

[Question] The prime minister once said: "Yanush in the north should fight and not talk!"

[Answer] Yes. The problem is not only mine. The problem involves all the generals in the north. Dado, of blessed memory, also had such difficulties, and I think that Rafal also made all kinds of statements during his tour as commanding general of the Northern Command. This is not simply because of the personality of each one of us. It is because the Northern Command in essence is involved not only in a military problem but also in the civilian area, the agricultural area, and everything else . . . the northeastern front is not only military but also political. And at the level of the commanding general of the Northern Command, it is very difficult for a person who really wants to carry out his duty to confine himself to a very limited area. Therefore, you trespass and touch upon matters such as the Arabs of Israel, the Arabs of the Galilee, and the settlement in the Galilee as opposed to the settlement in Judea and Samaria . . .

[Question] It is claimed that you get involved in political procedures. Don't you accept the view that generals should determine only the military procedures?

[Answer] Absolutely not! I speak frankly, and I say openly that generals should also influence the political-defense outlook of the State of Israel. The question as to whether or not they must publicize their view is debatable, however they must definitely have a political, national, Zionist view! Nonetheless, I accept the criticism that generals must not publicize their views in the communications media . . . but the nature of a person is such that . . . it comes out . . .

[Question] And for you "it comes out" often!

[Answer] Not so much and not intentionally. Only when I am agitated and believe that it is right that I should fight for the principles in which I believe. When I have an opinion, I am somehow compelled to react and to bring it to the attention of the public . . .

[Question] In order to mobilize public support?

[Answer] No! In order to express myself . . . I actually restrain myself not to say too much, and at times I fail . . . however it is spontaneous and not premeditated!

"They Did Not Consider Me Fit to be a Tank Commander"

[Question] You once said to me: "I am generally not fit to be in the army." Did you mean it?

[Answer] Yes. Because I am somewhat unusual, "out of it." I did not think that I would remain very long in the army.

[Question] And you have already served more than 25 years. . .

[Answer] Correct. However when they selected people from my company for the tank commander's course, they did not consider me fit . . . I was disorderly, undisciplined, an individualist. My advancement to the rank of lieutenant colonel was rather slow because of confrontations with my commanders. Actually I decided to remain in the army when I took it upon myself to become the commander of Brigade 7.

[Question] You planned a military career?

[Answer] I did not run after the positions. They came to me. I was spoiled, and I received the best positions in the army. Battalion commander at the Canal in the War of Attrition -- an unusual position. Brigade 7 -- The position! Division commander in the north -- the position! In order to receive this position I did much, you should know! This is a position about which I said to myself: Yanush, you are not finishing your military career (and this is not to say that I have finished my military career) without becoming the commanding general of the Northern Command. This is the IDF command. The sector, the essence, everything!!!

[Question] You are now being separated from the Northern Command and are leaving behind many burning and unsolved problems: missiles, terrorists, Syrian domination in Lebanon, and Syria's growing militants . . .

[Answer] Now is actually a good time to leave because in the near future I look for quiet in the North. It is good that I am leaving now because in the coming months they will be playing only with the political procedures: they are resuming the autonomy negotiations in Egypt, the prime minister is traveling to Washington, they are involved in the final stage of the evacuation of the Sinai, and the Americans have acted in an unusual and aggressive manner in suspending the aircraft . . . Aside from this, after the "peak" of the bombings in Beirut and the bombing of the reactor, Israel's military reaction capability has been weakened, and we have moved to the stage of attempting to solve the acute problems in Lebanon by political means.

"The Chief of the General Staff Will Naturally Hope to Restrain Me"

[Question] Upon completion of a tour of duty, one generally makes a self-appraisal. You are certainly evaluating the past. Which action would you not repeat?

[Answer] I was not ready for this question, and it is difficult for me to answer you instantly. This requires analysis and thought. However, with all humility, I do not think that in the last 4 years we have taken any action in the command or in the IDF which has damaged the State of Israel in view of the result which we wanted to achieve. Take, for example, the bombing of the reactor. The advantages in terms of the national security overshadow in the final analysis the disadvantages and the damage caused. There are, of course, a number of actions which I would have expanded after the fact. One of the mistakes in the Litani operation was that we did not occupy the Sur enclave, and it is a springboard for the terrorists. Another mistake in that operation was that we did not take control of the Arnon enclave, the present location of most of the terrorists. We were also not stubborn enough in our opposition to the bringing down of the Lebanese Army into the UNIFIL area, and this is working against us. In general, I would not return to UNIFIL as much as we did, and then Haddad's enclave would be much wider . . . such things.

[Question] What is your fundamental position on the case of the return of our soldier in exchange for 80 imprisoned terrorists?

[Answer] This is a difficult problem of conscience. Essentially, we should oppose this vigorously. However in terms of the pain of the family, we must move toward them. I cannot find fault with this case, however we should not do it frequently so as not to convert it to a norm between us and the terrorists.

[Question] The opportunities that I have had to follow you and to listen to your positions, I have gotten the impression that for you the attainment of the objective, the target -- this takes precedence over everything else. It virtually sanctifies the means.

[Answer] I know exactly to what you are referring. To that operation in which we penetrated Lebanon and in which a soldier disappeared, and I wanted to continue on to the objective and complete the mission in contrast to the chief of the general staff who decided that we must stop the action, give up the mission, and deploy all the forces to find the soldier.

[Question] Correct. Is there a difference of world outlook between you? Or is it perhaps a difference of the conception of an armored person against a paratrooper who has personal experience in such penetrations . . .

[Answer] Neither. Look, there should not be a misunderstanding, I did not give up on the soldier. I thought that it would be possible to do both things simultaneously. Rafal had the vantage point of the chief of the general staff . . . At the forward command post there were both the chief of the general staff and the commanding general of the Command, so I permitted myself to take more risks because subconsciously I knew that I was under supervision and therefore I permitted myself to be more extreme. The chief of the general staff naturally will hope to restrain, to block, to slow up, and to see matters in a more balanced perspective.

[Question] He must do this often with you?

[Answer] Not often. I think that it is an excellent synthesis for one who wants to rush forward and complete the action that above him sits one who also knows how to restrain, to block, to slow up, and to see matters in a perspective which is not necessarily immediate but broader.

[Question] How do you explain the fact that in a certain exercise, a theoretical exercise, of course, you let the enemy occupy a certain settlement only for several days? All of this on the basis of a military strategy which everyone agreed was brilliant but to the complete surprise of the chief of the general staff who could not accept your solution and said: "Yanush, it is a Jewish settlement!!!!"

[Answer] Good. You must not be worried. As long as the exercise is theoretical, and it is an exercise of maps or a war game, it is possible to conduct oneself and to give theoretical solutions which will not be exactly in these details the true solution which would be given in the time of war or battle.

"Had I Been Without Values, I Could Not Have Remained in the Army"

[Question] I asked you this because I was wondering if there isn't something here of a world outlook. It is no secret to you that they say "the man without values, there is nothing sacred to him . . ."

[Answer] If I were really without values and nothing were sacred to me, I would not be in the Army! This is my answer. There is no truth to this! The work in which I invest my entire being, my motivation, and the desire to do things in the best and most complete manner, together with my sharp self-criticism -- all of these are not indicative of a person without values. I am not a formalist, and I like to shorten processes and solve problems essentially and on the spot. Small ones and large ones. I know that they also say: "For the sake of his career, Yanush steps on bodies . . ." Lies. A bluff of the first rank! I am concerned about those under my command, I respect them and promote the best of them. I think that I have acquired such a reputation because I am a person who speaks the truth 90 percent of the time, and it is not always pleasant to hear . . .

[Question] In your command do you have much contact with civilians?

[Answer] Yes. I love the civilians in the North.

[Question] After what we saw in Qiryat Shemona, for example, does the morale of the civilian settlements permit us to endure for a length of time the kind of war of attrition to which we were recently subjected?

[Answer] The answer is no and rightfully so. In times of war, the civilians are able to endure the burden. However, in times of peace, in periods between the wars, the civilians are not built psychologically to endure the pressure, the horror, and the fear.

[Question] What does this mean to you as the commanding general in the North?

[Answer] That we must under no circumstances accept as a norm that a civilian settlement in the State of Israel will endure for a length of time during a period of peace enemy shells or terrorists.

[Question] You made a stalemate, a cease-fire . . .

[Answer] Without the cease-fire, we would have emerged more clearly and strongly as victors. The IDF and the State of Israel cannot be blamed. They cut us off in the process of solving the problem.

[Question] You made a stalemate, a cease-fire . . .

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[Question] Did they prepare the settlements in the North, from Qiryat Shemona to the kibbutzim, physically and psychologically for what was to happen?

[Answer] The question is not valid because no one knew that this would happen and on such a scale.

We Did Not Take into Account Abandonments in Qiryat Shemona

[Question] Does the prospect that residents of Qiryat Shemona would leave taken into account before we began to fire?

[Answer] No! Let's talk about me. I, Yanush, Commanding General of the Northern Command, did not believe and did not take into my consideration that there would be such a large abandonment in Qiryat Shemona. I also did not estimate that the reaction of the terrorists would be so massive. However, it is also not correct to say that the settlements of the North, Qiryat Shemona, and Nahariyyah were not prepared. They were surprised, they were not prepared psychologically. However, in foundation, in construction, and organization they have been prepared for years. In Qiryat Shemona there are hundreds of shelters. In the kibbutzim there are tens of shelters. The public has the impression that as a result of these 10 days, they have decided to build shelters in the State of Israel. The problem of Qiryat Shemona is social, sociological, and human. What it lacks is real local leadership grown from below. Incidentally, I want to congratulate Robert and the ad hoc committee. They performed magnificently. I take off my hat to them!

[Question] Then why was the army called to "rescue" the course of civilian life in the town?

[Answer] The army only shortened processes. To say that the Army rescued Qiryat Shemona is a gross exaggeration.

I Do Not Read Novels

[Question] Let's return to you. This week you are leaving the units in the North, and I have seen you sad and emotional . . .

[Answer] Correct. I am leaving a major project on which I have worked. . . and it is difficult to leave. Perhaps to a large extent this is also the end of my military career.

[Question] The army is your entire life/

[Answer] Yes. I live the IDF 24 hours a day. Also whatever areas of interest I have are connected to it. History, strategic studies, international relations.

[Question] Do you read books?

[Answer] I do not read novels, and I do not like to read beautiful literature. I have no patience for this. I love to read biographies of diplomats and military leaders.

[Question] Do you still paint?

[Answer] No.

[Question] Are the dreams of being an architect over, and is there no drawing in secret?

[Answer] I have awakened from all my dreams, and I am moving to another dream. At one time I wanted to be a doctor, then an architect, then a farmer then a merchant! Is there something which I have not wanted? There's no such thing! And I have always ultimately remained in the army.

[Question] In 1962-1963 when you were a captain, you said in an interview for BAMAHANE: "I would want that the living conditions, wage structure, and social status of an officer in the IDF be similar to those of the French officers."

[Answer] That was 20 years ago. Today I have no problems in this matter.

[Question] Has the confidence gap which was created in the wake of the Yom Kippur War between the civilians and the IDF officers reached you?

[Answer] No. I have been lucky in that everywhere, within my command and outside it, I have encountered much sympathy. At times it is even unpleasant. It is impossible to be incognito. You stop at a red light, everyone looks at you, they whisper, and talk.

[Question] Do the people perhaps, despite all of this, like the army?

[Answer] Yes. However, it is also very critical and cruel in its criticism. The people do not know how to forgive their army.

[Question] In the days when there was great tension on the northern border, I saw you in conversations with the troops. You went from battalion to battalion . . .

[Answer] Yes. I believed that a war would break out at any moment, and I felt that I had to speak to them, to prepare them, to look them in the eyes.

[Question] Everyone who heard you then speaking with the troops was very impressed, despite your cynicism, that you could not keep anything back from them. It was precisely because of this that I was surprised to hear that you do not visit the families of those who have been killed in action . . .

[Answer] That is correct . . . perhaps it is a self-defense mechanism . . . perhaps some kind of mechanism of mine to keep myself from excessive exposure to those families . . . perhaps I do not have sufficient courage to cope with parents, wives, children . . . families who have lost sons. I admit that this is a weak point . . . I am this way . . .

Moving Through Siberia and India

[Question] When the soldiers in the Golan complained that there was no food, no entertainment, and when they were crying from the cold in the night, and the parkas were not good, there were no socks, and there was none of this and none of that . . . you took busses, according to the story, and sent them to Yad Vashem in Jerusalem. When they returned they were already no longer cold, the food was sufficient, and everything was all right. You are pictured as a practical person, somewhat cynical, and not a great ideologue. What was the source of this educational and emotional action which was not so typical of General Yanush? Were you affected somewhat by the Holocaust when you were a child?

[Answer] I do not think so. Together with Gorodich, he is also a controversial figure, we decided to solve the problem of the post-war demoralization that reservist soldiers who had gone on leave brought from the rear and infected the regular army. The fact is that it helped! In the Golan Heights in general it is easy to explain to people the essence of their military service and their presence there. You see the color of the enemy's eyes. You look to the side and to the rear and you see whom you are protecting. I must point out that only in the religious companies, in the companies of the hesder yeshivas [religious schools in which the students spend part of their time in study and part of their time in military training], this was not necessary. They were filled with faith, they knew how to endure difficulties, and they were ready to continue fighting. I have found out that during periods of crises and psychological and physical hardship, the religious education is the best kind in terms of the national values and the psychological strength which it imparts.

[Question] Where does your psychological strength come from? Where did you grow up?

[Answer] I was born in Poland. With the outbreak of the war, my parents took my sister and me (I was 3 years old) and we fled eastward to the Russian-Polish border. As Polish refugees, we were exiled to Siberia where my mother died. I remember the burial . . . my father bribed someone, and he disguised us as Christian children in a Polish orphan's home. This orphan's home travelled on trains together with the Polish Army to India. We moved from one place to another for long months. I remember only that we were searching for food all the time. We searched, we dug, and we stole food . . . this was all that concerned us -- food! I remember that in some railroad station, someone gave me a roll. I was a little boy, I was chewing it, and suddenly a Russian soldier came, opened my mouth (there was a terrible hunger!), and with his hand took out from my mouth the chewed-up food and swallowed it . . . I will never forget it. In India we were assembled by the Jewish Agency, and from there they took us to Israel with the children of Tehran. We went to Israel via the Suez Canal (do you know that I have not been to Egypt since the peace?! Everyone is dying to go. It doesn't attract me!). Afterward they sent us to the kibbutz of Giv'at Brenner. However we did not adjust there. We were refugees, we did not know Hebrew, and there were absorption difficulties. The children there would hit us at night . . . we boarded a "Darom Yehuda" [South Judea] and fled to Tel Aviv. First my sister and then I. I was such a frightened child . . . In Tel Aviv I spent 3 years with a foster family. It was a respected family, however I fought about my status all the time. There I felt myself to be a foreigner and not a member of the club . . . I completed primary school. I went to high school in France. My father came there and took me away. However, I did not want to be the son of an immigrant and I returned to Israel 2 years later. Yes. . . I actually returned for Zionist reasons! I studied in Miqve Yisrael, and afterward I entered the army. . . that's it.

[Question] Just a minute, the inevitable question. Yanush, what's next?

[Answer] I am going to study abroad, what is called a sabbatical year in civilian terms.

I Will Not Enter Political Life

[Question] The gift?

[Answer] You call it the gift . . . I admit that I will miss sitting in the center of things. I do not like sitting on a dormant volcano. As for what will be next and will I be the chief of the general staff, I will save you the next question. I can be the chief of the general staff.

[Question] Do you want to?

[Answer] Very much . . . I am not dying for it . . . there are candidates for this position who are as good as I and perhaps even better.

[Question] You once said to me that you would want to be the minister of defense . .

[Answer] I would prefer to be the minister of defense, however no one has offered it to me. I believe that I will never be the minister of defense. I am not such a personality . . . and I do not intend to enter the political-party cycle in my life.

[Question] According to you, there is no prospect that you will be a minister of defense. How about the chief of the general staff?

[Answer] Yes!

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COMMAND CHANGES MADE IN IDF

Tel Aviv YEDI'OT AHARONOT in Hebrew 2 Sep 81 p 4

[Article by Ya'ir 'Amikam: "Amir Drori -- Commanding General of the Northern Command; Major General Uri Simhoni -- Chief of the Training Department"]

[Text] There is much in common between the two generals who assumed their new positions yesterday -- Major General Amir Drori as the commanding general of the Northern Command and Major General Uri Simhoni, the chief of the Training Department.

Both of them are 44 and native-born Israelis. Both of them came up through the infantry ranks in the IDF from the rank of a combat soldier to brigade and division commander. Both of them held staff positions in their operational service and in this way acquired both field and staff experience. Both of them attended training courses abroad and are graduates of Israeli universities.

The point of contact in their careers was at the Hermon post at the time of the capture in the Yom Kippur War. Amir Drori, the commander of the Golani Brigade, was wounded in that battle whereas Uri Simhoni replaced him. Even now Simhoni is replacing Drori as chief of the Training Department. The new commanding general of the Northern Command, Amir Drori, is married and the father of three children.

Drori is a strict officer, professional and original in his thinking, and a graduate of the first class of the military school in Haifa. Among the command positions he has held are battalion commander in the Golani, operations officer in the Southern Command, commander of the Golani brigade, and armored division commander in the Northern Command.

In the Taufiq action in 1960, he received a commendation for bravery from the chief of the general staff. During the Yom Kippur War he served as commander of the Golani Brigade which captured the Hermon, and in the first attempt to take the objective, he was wounded and evacuated to a hospital. After the war he was appointed chief of the Operational Department of the General Staff, and 3 years ago he was appointed chief of the Training Department in the IDF and promoted to major general.

Across the Border

Drori's replacement is Major General Uri Simhoni. A native of the kibbutz Ginnosar who joined the IDF in 1954, he volunteered for the paratroops and took part in most of the retaliatory actions which preceded Operation Kadesh. In Operation Kadesh, he parachuted into the Mitla with the battalion commanded by Rafi.

In 1957 he was released from the IDF and did not return to regular service until 1964. He served as the intelligence officer of the Golani, fought in the Six-Day War and in the War of Attrition, and took part in many actions across the border. Afterward he served as the commander of a patrol unit in the north and again crossed the border many times into Lebanon.

In 1972 he was appointed operations officer of the Northern Command and served in this position during the Yom Kippur War. On the last day of the fighting for the Hermon post, he replaced the commander of the Golani Brigade who had been wounded. He returned as commander of the Golani Brigade in 1974, and afterward took over command of the Officers School. Between 1976 and 1978, he served as chief infantry and paratroop officer. Afterward he took advanced training in the United States and was then appointed as deputy chief of the Operations Branch of the General Staff.

Major General Simhoni is a graduate of the history seminar at Tel Aviv University. He is married and has a son and a daughter.

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CAREER OF DEFENSE MINISTER DISCUSSED

Tel Aviv BAMAHA in Hebrew 12 Aug 81 pp 16-18, 51

[Article by Ruti Leviav: "Arik Sharon: Military Profile"]

[Text] One night in July 1953, Arik Sharon, a Jerusalem student (first year), history and oriental studies) was called to the office of the commander of the Jerusalem Brigade, Lieutenant Colonel Mishael Shaham.

"Have you heard of Mustafa Samuelli?" asked Shaham as he came right to the point.

"I have," responded Sharon in two words. The first year final examinations were approaching, and the call to the office of the brigade commander (in which he was serving as a reserve battalion commander at the time) did not sit well with him.

"We are interested in blowing up his house," continued Shaham. Arik's eyes lit up. Mustafa Samuelli was an Arab murderer who had vowed to murder 100 Jews in revenge for the death of his brother who was killed in 5708 (1948).

"I want you to take the assignment," said Lieutenant Colonel Shaham.

Sharon hesitated for a moment: "And what about the university examination?"

"Listen, Arik," said Shaham (according to Sharon himself): "a person faces two possibilities: to learn from the actions of others or that others will learn from his actions . . ."

The following morning, when he left the university behind him, Major (Reserves) Arik Sharon gathered seven of his comrades-in-arms who were released in the meantime, (including Shlomo Baum, a moshavnik [member of a collective settlement] from Kefar Yehezqel and Yitzhaq Ben-Menahem, a big, strong man and also a student at that time whom his friends nicknamed "Gulliver"). Together, the eight went out that night to the nearby Nabi Samwil and blew up what appeared to them to be Samuelli's house. In the early morning hours, while they were still stealthily returning towards sleeping Jerusalem, Sharon decided to himself that this was not the way to carry out retaliatory actions. It is not proper that a battalion commander (Reserves) and his fellow students should go out in the middle of the night, without prior preparation, without suitable equipment, and without real training, to carry out actions designed to have a serious effect and which would deter the Arabs of the vicinity from making trouble for the residents of the central region and the Jerusalem corridor.

Lessons From the Defeat at Latrun

When he returned to the office of the brigade commander, Sharon informed Shaham: "This way will not work." At the end of that summer, upon the recommendation of Colonel Mishael Shaham and with the agreement of the then Chief of the General Staff Lieutenant-General Mordekhai Maqlef, Unit 101 was established for the purpose of carrying out special missions and primarily attacks across the border.

Major Arik Sharon was Appointed Unit Commander

This was not, of course, his first military assignment, however in the future, everyone would remember the establishment of 101 as Arik Sharon's springboard to his military and political future.

He was born in 1928 in Kefar Malal near Kafr Saba, the son of an agronomist and former medical student. (His mother, who began her studies abroad, was forced to terminate them when she immigrated to Israel -- a fact which pained her her entire life). As a high school student, Arik would travel every day to the Geula school in Tel Aviv, and in the afternoon he would return to the settlement and work in the cow barn until the evening hours. He was torn between his love for farming and his desire for study (which was a regular topic of conversation at home), and he finally decided to follow in the footsteps of his father and study agronomy. However, as was to happen throughout his life, it was the security situation which changed his plans. After completing high school, he took a squad leaders course of the Gadna and then a squad leaders course of the armored corps and with the outbreak of the War of Liberations he found himself in Brigade 3, first as a squad leader, then as a platoon sergeant, and finally as a platoon leader.

In the fierce Latrun battle he was the leader of the point platoon, was severely wounded, and left the war with the feeling that he had not fully exploited his capability as a commander. Years afterward he would say: ". . . in every area in which I worked, I forced myself to complete the implementation. If I don't complete something, it simply depresses me."

There was another lesson which he learned at Latrun and which he would also repeat to his subordinates all the time that he was a commander: "Wounded are not to be abandoned in the area."

The defeat at the Latrun battle and the feeling that he did not fully exploit his capabilities motivated him to give up temporarily his studies and his future as a farmer and to throw his lot in with the army. After he was commissioned (without an officer's course), he served as the commander of a reconnaissance company, completed a battalion commanders course and transferred to the Intelligence Corps where he carried out small reconnaissance and commando actions in which were first reflected his personal daring. During his service as a command intelligence officer of the Northern Command (his last position in the IDF before going on a leave of absence for the long-awaited studies) he caught the eye of Moshe Dayan for the first time, when he went and captured five Jordanian officers in an extremely short time after the order was given. However, this "romance" between Sharon and Dayan would not last long. It was 4 years later that Chief of the General Staff Dayan would criticize him severely on his "excessive initiative" in the Mitla battle during Operation Kadesh.

Much has already been written about the exploits of Unit 101, the courage of its personnel, and their high level of operational capability. The role of Arik Sharon, its founder and commander, in shaping this special image, made him also a part of that legend. During 1953-54, the men of 101 (who at any time did not number more than 40) carried out tens of daring attacks across the border -- some of them in the form of patrols, others as retaliation for fedayeen penetrations into Israel for purposes of sabotage and terror. The combat tactics of this unit under the command of Sharon caused a major change in the IDF combat doctrine, and lessons learned from its actions were to be applied later as part of the combat doctrine of the infantry in general. Arik personally chose the men of 101, one by one, including civilians who were outstanding combat troops and distinguished military personnel whose reputation he had heard of. At first he had to go from house to house and convince them. Later, when the news about the establishment of the unit began to spread quickly, they began to come to him on their own initiative, men such as Meir Har-Tziyon, a young, lean member of Nahal who appeared one morning at a small camp near Jerusalem with a wooden suitcase in his hand. He asked Arik, "Are you serious?: When he received an affirmative answer, he remained.

To Create an Atmosphere of Tension

A number of retaliatory actions in which the men of 101 took part in collaboration with the then IDF paratroop battalion gave birth to the idea of merging the two units. Indeed, in 1954 Chief of the General Staff Moshe Dayan appointed Ariel Sharon as the commander of the expanded paratroop battalion. The match was not implemented easily. Personnel of both units displayed vigorous opposition and more than a little hostility to each other. The men of 101, who did not attach any importance to the military disciplinary ceremonies, regarded the paratroopers as toy soldiers who would succeed at nothing whereas the paratroopers found it difficult to understand how wild-haired, sloppily dressed, sandal-wearing men could be paratroopers. Many officers and soldiers among the paratroopers requested a transfer to other units. Others were expelled by Sharon, and in their place, personnel of 101, whom he recognized and trusted, were placed in positions of command. Except for Aharon Davidi, whom he appointed as his deputy, Arik virtually cleaned out the headquarters. Actually, the only survivors of the original paratroop battalion were the professional paratroop trainers such as Marcel Tubias who were needed by Sharon and his people who were still not trained in parachute jumping. It was the 101 which set the tone, and its combat doctrine was designed by the new battalion commander for that which was later to be known as the first incarnation of the paratroop brigade.

About the 2 years which preceded Operation Kadesh, in which he commanded the paratroopers, Arik Sharon would later say: "To fight at a time of relative peace when in the rear life is relatively quiet -- for this a special atmosphere is necessary. I myself felt as if I were in the storm of battle. I lived in a special atmosphere and dedicated myself completely to the matter.

With his inspiration, encouragement, and planning, the paratroopers conducted a series of retaliatory actions in Jordan, Egypt, and Syria. The troops rapidly became known for their high level of operational capabilities and the determination to carry out their mission at any cost. Every one of the actions was personally planned until the last detail by Arik himself. About one of them, in which he took part (once he was also wounded, in an action in the region of the kibbutz of Kissufim), Arik relates:

"The problem was how to bring our people into contact with the enemy . . . we were discovered outside the objective, and the Arabs fired like crazy. I gave the order not to return the fire. Then we penetrated. It was the first psychological break of the Arabs, a result of holding fire until the last moment, until actual contact.."

His involvement in retaliatory actions went beyond the planning and execution, and on more than one occasion he was also the initiator. As a young officer (first a major and later a lieutenant colonel), he had access to the General Staff and the then prime minister and Minister of Defense David Ben-Gurion. His opinion was listened to, and to a not insignificant extent, he was already then, in the mid-fifties, one of the shapers of the defense policy of the state. At the same time, during his years as the commander of the paratroops, Arik developed an entire generation of subordinates who would in the future become senior commanders in the IDF: Motta Gur, Rifail Eytan, Dani Matt, and others were trained by him as the next generation.

As a commander he was noted for an extraordinary perception for selecting those men who would not be disappointing when put to the test. He had enormous and heavy requirements, and his subordinates relate that he is not the easiest person to work for. His tendency to create around him an atmosphere of tension (which he customarily referred to as "creative tension"), his stubbornness, and his strictness in every matter to the minutest and most exhausting details created a certain distance between him and his personnel. However, in retrospect, those who were with him during the period of 1953-56 (in which he planned and executed about 45 retaliatory actions behind enemy lines) would say that "it is interesting to see the extent that some of the primary qualities which characterized the combat techniques of the unit involved in the retaliatory actions, from the Sinai Campaign and in the Sinai itself are the primary qualities of Arik himself: the tendency to concentrate completely on the execution of the mission, to decide very quickly, to act with great stubbornness, to ignore the conventional -- all of these and other qualities which were always his and which were recognizable in him when he was still a child in the home of his parents."

His tendency to ignore the conventional had already caused him at that time to become involved in confrontations with the supreme command when his view did not always agree with those of his superiors. At least in one case -- in which he bowed to orders from above -- Arik learned a very harsh personal lesson. In the last retaliatory action before Operation Kadesh (10 October 1956), the Qalqilyah action, he suggested that in addition to capturing the Qalqilyah police station, there be additional actions such as blocking the road to Shekhem, seizing Khirbat Sufin (a post of the Jordanian Legion east of the town), and the capture of positions north of Qalqilyah itself. His plan, which had been approved by the commanding general of the Command, was disapproved by the chief of the general staff and the minister of defense who believed that aside from the capture of the police station itself there was no need for seizing additional objectives. Arik's plan, which at first glance appeared to be too broad and to have a potential to cause political complications, turned out to be, after the fact, limited and less risky than those which developed in the area. The battle widened as a result of an unexpected encounter with a mobile and heavy Jordanian force, to the point of a danger of a day war, the blocking of which greatly complicated the course of events and inflicted heavy casualties on the paratroopers: 18 killed and 23 wounded. Among the killed was Yarmi, one of the first members of the 101 who had joined the force voluntarily after he had already

been released from service. Ten years later Arik Sharon would say about the Qalqilyah action: "Despite the changes and the complications, the mission was executed completely and successfully. The entire night the paratroopers and their commanders made a supreme effort to accomplish everything possible under the conditions of the action as they were finally approved. It was a difficult and complicated action, in which experience, courage, and perserverance were reflected."

Forced Separation From the Paratroops

If he indeed had thoughts about the differences of viewpoints between him and his superiors, these became manifest less than 3 weeks later during the Mitla battle in the Sinai when he used his own judgment in opposition to the advice of the chief of the general staff -- and paid for it by a forced separation from the paratroops.

On 29 October 1956 at 4:59 pm, 16 Dakota aircraft dropped a paratroop battalion from the 202nd Brigade under the command of Rafal over the Parker Memorial in Sinai. It was the signal for the opening of the Sinai Campaign. Two days later the battalion joined up with the brigade east of the Mitla Pass with artillery support and only four tanks. At midnight on 31 October Sharon (then already the commander of the Paratroop Brigade) informed the chief of the general staff of his intention to position himself on both sides of the Pass and requested air support. At 0400 after the force assigned to proceed to the other side of the Pass had already set out, a message was received from the chief of the general staff forbidding its advance.

After an argument between Sharon and Dayan and on the basis of what Sharon later referred to as an inaccurate estimate of the enemy forces in the Pass (based on reports of airforce pilots), approval was given on the following day for the introduction of only a reconnaissance force into the Pass with an explicit order from the chief of the general staff not to engage in conflict with large forces. Arik Sharon explained later that he had decided to send a force larger than that planned (two companies with armored half-tracks, three reconnaissance tanks, a brigade reconnaissance unit, and a mortar battery) in order to provide protection in the event of an unexpected encounter. And indeed, the encounter was completely unexpected. The first two half-tracks which entered the Pass were met with extremely heavy Egyptian fire. Motta Gur, the commander of the force, quickly extricated his people from the crossfire. The result: a bloody battle in which the Paratroop Brigade suffered 38 killed and over 100 wounded.

"The background for the chain of events in the Mitla stemmed from the special character of the unit, the spirit of the paratroopers and their commanders, and the combatant comradeship which prevailed among them," Arik Sharon would say in explaining what happened at Mitla. "The paratroopers were trained and were accustomed to not abandoning wounded or dead on the battlefield. This fact, faith in their course of action, and their combat readiness were the crucial factors which formed their high level of combat capability. This comradeship also caused to a great extent the chain of events in Mitla. The first two armored half-tracks were stopped by murderous enemy fire. Motta was faced with the possibility of following orders not to become involved, thereby abandoning his men. To his credit, it will be said that he did not hesitate for a second and hurried to extricate them."

"The Mitla casualties were not casualties in vain," claimed Sharon. "Beyond the question as to whether it was necessary to enter the Pass in terms of the overall consideration of the battle or tactical considerations of the brigade, the battle was necessary from the human point of view. There are actions which are evaluated not

only in terms of the immediate result but rather in terms of their leaving an imprint on the character of the army, on its combat readiness, and on its moral superiority for the many years and generations to come. The extrication of the wounded in the battle is such an action."

On this issue there was actually no dispute. However, because the size of the reconnaissance force which entered the Mitla was not in conformance with the orders of the chief of the general staff Arik Sharon paid by his separation from the paratroops. In his book "Yoman Ma'arekhet Sinai" [Diary of the Sinai Campaign], the then Chief of the General Staff Moshe Dayan wrote: "This bloody capture of the Heitan defile at Mitla might have been justified if the task of the brigade was to reach Suez and was prevented from doing so by the Egyptian force entrenched against her. But in the present circumstances, when our aim is to proceed southwards to capture Sharm ash-Shaykh . . . there was no vital need to attack the Egyptian unit defending the approaches to the Canal. The valor, daring, and fighting spirit of the paratroop commanders are qualities which should be cultivated and encouraged, but this battle was not essential."

When he was asked in a press interview after the appearance of his book (several years after Operation Kadesh) if he still deplores Sharon's conduct in the Mitla incident, Dayan softened his position and said (in a kind of paraphrase of the statement made in his book although this time in a more positive tone): "In any case, I prefer to work with powerful horses which must be restrained rather than with lazy oxen which must be prodded."

However, after the battle, the powerful horse found himself subject not only to the criticism of the chief of the general staff but also to that of his subordinates. Even though most of them considered him an exemplary commander and outstanding military leader, those commanders who served under him rebelled against him and sought his dismissal. Joining in this demand immediately after the Sinai Campaign was also the Kibbutz Movement (many of whose sons served in the paratroops) who were shaken by the number of men killed in the Mitla battle.

The departure of the brigade commander was, therefore, inevitable, and at the end of 1957 Arik Sharon was separated from the paratroops sent to Britain to study at the Command and Staff School, and was even promoted there to colonel (at the age of 29), and, in actuality, his military advancement was frozen during the coming years.

"The Chief Contractor of the State"

There were certainly those who sympathized with him because he had managed in one swoop to cut off the limb on which he was sitting and from which he could have continued to grow. Colonel Sharon, the man who put the paratroops on the map, attained with them the heights of combat, and swept the entire IDF into a new era, the man for whom the expression "Follow Me" was his almost personal idiom, remained behind, on the outside.

He did not speak about failure, and to all appearances, he also did not consider himself as one who had failed. He also had endless patience, to wait a while in the shadows for the next round, the next opportunity.

He waited 7 years, from 1957 to 1964, years during which he served in the Training Department of the General Staff, was the commander of the Infantry School, and commander of the Armored Reserve Brigade. These were rather prosaic positions for one who had personally commanded tens of daring operations across the border and led the paratroops into battle. There were those who saw him as one who was stepping in place, they expressed amazement about his patience, his self-assurance, his stubbornness, and his faith that the end had not yet come to his magnificent combat career.

And, as usual, he was right.

The turning point came in 1964 when the then Chief of the General Staff Yitzhaq Rabin appointed him as chief of staff of the Northern Command. (Although Rabin disagreed personally with Sharon's methods, he considered him a blessing for the IDF). The Syrian preparations to divert the sources of the Jordan and the heating up of the northern sector led to tens of border incidents in which Sharon found himself in a command position to his liking. In 1966, when he was 38, he was appointed chief of the Training Department, and a year later before the Six-Day War, he was promoted to major general.

The waiting began to pay off.

The Six-Day War found him with an emergency appointment as the commander of a division which broke through and captured the Egyptian positions at Umm Qatf and Abu 'Uwayqilah. This was one of the most complex battles of the war, a joint operation involving armor, infantry, and helicopter-borne paratroopers, which required detailed planning, precise execution, strict coordination, and clear and rapid analysis of the battlefield developments. If Arik Sharon needed an injection of encouragement and reinforcement of his value as a military leader and combat commander, the crushing victory gave him all of this and more -- in prodigious amounts. After the breakthrough of the Egyptian positions, the division under his command continued fighting toward Bi'r Hasanah, captured Qusaymah along the way, preceded to Nakhl where it fought a major armor battle, and in the final stage of the war, it reached the Mitla Pass.

This time, Sharon left the campaign while he had the upperhand in the full sense of the word.

At the end of the war, he returned to his previous position, chief of the Training Department, along with a crystallized combat doctrine which he dictated to the entire Army: how soldiers are to be trained, how units are to conduct exercises, and which combat doctrines will be developed and learned in the IDF. His position became doubly important in light of the lessons of the Six-Day War which the Training Department now had to digest. Moreover, the new cease-fire lines presented the IDF and him with new challenges and severe and burning problems. He rapidly exerted a maximum effort in an initiative to transfer the IDF training bases to Judea and Samaria.

During the War of Attrition (1968-1970), Sharon became involved in fundamental and severe differences with the then Chief of the General Staff Lieutenant-General Hayim Bar-Lev, when Sharon had his own concepts on the way to conduct the war. Nonetheless, in January 1970 Bar-Lev appointed him commanding general of the Southern Command, and in this position, Sharon was able to conduct the final, stormy, and difficult stages of the War of Attrition.

The responsibility which he shouldered was enormous: command of the largest area in the IDF against the main enemy of the State of Israel at that time -- Egypt. He spent most of his time in the desert while coping with problems which in terms of their size and scope were unprecedented in the IDF. In the first weeks after the cease-fire, his subordinates remembered him running around like a crazy man, speaking, pressuring, shouting, running, and prodding in order to assure that the reconstruction, expansion, and improvement of the Bar-Lev Line would be completed by the target date. "I am the chief contractor in the State," he quipped at the time with a very tired smile. Between a stormy telephone conversation with the one responsible for construction in the General Staff and the drawing of lines on a colored map on the wall, he spoke in terms of tons of sand and cement, kilometers of sills, meters of depth, kilometers of roads -- and at times it seemed that he intended to set a world record in the construction of giant pyramids. This was not too far from the truth.

After the end of the War of Attrition on the Suez front (during the course of which he became involved in serious conflicts with his associates on the General Staff and severely criticized their work methods) he focussed his attention on another sector in the area of his command, the Gaza Strip. He personally commanded the operation to eliminate the Arab terror in the Strip through a series of strong measures which brought down upon him the anger of the civilian administration in the area, the residents, and a certain segment of the population in Israel. Nevertheless, he achieved his objective, and the Arab terror in the Strip was virtually completely eliminated. Now Sharon turned to stimulate development activity in Pithat Rifiah, and here too he was the subject of severe criticism, primarily because of his evacuation of the local Bedouins. For this "initiative", he was censured by the chief of the general staff.

The command "front" again began to heat up, and Sharon found himself once again in a fighting minority against the IDF establishment. Only this time he was no longer 29 but 45, and his hopes to be appointed as the chief of the general staff, a position to which he naturally aspired, seemed more distant than ever. When it became evident to him that his prospects were nil, he chose to make a stormy departure from the army through some publication of an impulsive announcement, and finally with whatever can be considered an announcement of departure for civilian life after 25 years of service. The date: July 1973.

Three months later the Yom Kippur War broke out and restored him to his natural place: head of a combat force. And this time, as commander of an armored division.

The Crossing and the Praise

If anyone ever had any doubts about the value of his views as a commander and a logistician, the Yom Kippur War came along and tore up the cards. The "enfant terrible" of the IDF, stubborn, uncompromising, impulsive, non-conformist, this time went "to the end." The severe disagreements which erupted between him and the supreme command almost led twice to his removal from his position because of his refusal to follow an order. This time it did not enter his mind to compromise, and he once again proposed his own solutions to throw the Egyptians off balance. His firm stand on the necessity to accelerate the crossing of the Canal finally fell on attentive ears.

Had he ordered the writing of the scenario of his "grand finale" as a commander in the IDF by a professional script writer, he could not have done better than what was done by the events themselves. The Canal-crossing operation was the turning point in the Yom Kippur War and brought his personal praise to heights which probably no IDF commander had known heretofore.

In early 1974, Major General (Res) Ariel Sharon left the IDF -- and this time, for good. It was not a solemn and quiet departure. On his way out, he sharply criticized several of his fellow generals and accused them of neglect of the army and non-development of military thinking.

The dynamic and strict man has now returned to the defense system through the front door, assuming its most senior position, senior even to that to which he had aspired 8 years ago. The largest circle of them all has been closed, the stubborn patience has proved itself more than ever, and the man who 28 years ago established the combat norms for the entire army with a unit of several tens of soldiers, has assumed the position of minister of defense with the knowledge that for the first time in his life he will be able to be the one who has the last word.

5830

CSO: 4323/69

AIRBORNE ELECTRONIC WARFARE SYSTEM REPORTED

Jerusalem INNOVATION in English No 71, Oct 81 p 5

[Text]

Jerusalem—Israel's armed forces are said to operate an airborne electronic warfare system of original design, according to *Flight*, the internationally respected British aerospace publication. No official comment on this subject is available from Israel sources.

According to that report, this EW system is mounted on an insertable pallet, which fits the short-take-off-and-landing (STOL) Arava transport, a plane developed and manufactured by Israel Aircraft Industries (IAI). The entire EW package, says the British publication, can be installed or removed within minutes.

The electronic instruments for this system are said to have been developed and produced by Elta, IAI's electronics and communications equipment subsidiary. According to the report the instruments are capable of analyzing incoming electronic signals within fractions of a second; when so desired, interfering signals can be sent out instantaneously.

Observers note that the Israel armed forces were not known to have acquired any significant number of Arava transports; only three such planes are thought to have been used during the Yom Kippur war, mainly for medical evacuation missions.

On the other hand, IAI is known to have exerted considerable efforts to sell this craft abroad, for a large variety of commercial uses, mainly where well developed landing fields are not available. Only recently the company announced receiving an order for ten of these craft from a single customer in the USA.

MISMANAGEMENT CHARGED AT HAIFA REFINERIES

Jerusalem THE JERUSALEM POST in English 28 Oct 81 p 8

[Article by Mary Hirschfeld]

[Text]

HAIFA. — Charges of gross misuse of funds and disregard of the "basic laws of proper management" highlight the State Comptroller's recently published report on the oil refineries here.

Inflated refining fees charged by the country's three oil importers boosted the prices of petrol and all petroleum derivatives higher than any reasonable level, the Comptroller points out.

The \$125 million, three-year-old ethylene plant which was to be the backbone of a thriving petrochemicals industry, has turned into a white elephant which consumes about 26 per cent more energy than planned. Its turnover is only about 67 per cent of the minimum needed to make profits.

Every day that the plant fails to process at least 300 tons of ethylene, the report goes on, it loses about \$200 per ton of production below its capacity. Since the plant has been operating since July 1979, that means a lot of the taxpayer's money has been lost.

Funded by the government in 1959 to take over the British Oil Company, Oil Refineries Ltd. today employs 1,799 workers and is the country's only provider of refining services. Last year alone the firm's income was IS1.3 billions, and investments totalled IS100 million.

In January 1980 the Refineries and the Fuel Authority agreed to an increase in refining fees, due to price changes in world markets.

Each ton of crude oil would now cost \$4.65 to refine and each ton of derivatives, \$10.15. Index linkage was increased and credit periods shortened from 45 to 25 days.

The new rates were clearly set in several documents, the State Comptroller report stresses, but nowhere was it explained how they should be implemented. Although this is a subject with a direct impact on the national economy, nobody seemed to take care that the new rates were properly enforced.

The report's sharpest criticism is reserved for the ethylene plant, a IS200m. bonanza, which seemed trouble-prone from its very conception. The Refineries' board of directors examined the project and gave its approval without carrying out a feasibility check.

Work started early in 1974 and was to be completed by April 1978. Costs were estimated to be around IS\$3.7m. and the Refineries signed up another company "A" — which happened to be their largest buyer of ethylene — as project manager. All that more than two years after construction had started.

From the beginning it was agreed that optimum production would be 200,000 tons of ethylene a year — when the plant would become profitable. A minimum of 130,000 was considered satisfactory.

Company "A" hired a foreign project planner, who in his turn, took a number of local subcontractors. None of these contracts were

awarded as a result of public tenders and no contracts were signed.

Equipment and materials came to more than IS\$5m., most of which was spent abroad; 51 per cent in Western Europe (mainly in the foreign planner's country), and a mere 22 per cent in Israel.

The Comptroller details irregularities in payments to foreign contractors and subcontractors. These were to receive a fixed brokers fee plus depreciation costs. In fact, their fees were calculated based on the purchase receipts presented, and this meant an additional difference of several million dollars. At no stage did the Refineries or their main contractor check those receipts or compare them with the merchandise received.

Fees were often paid two or three times. In one instance the Refineries failed to deduct \$4,000 from fees paid to a foreign company (which they helped maintain abroad), despite the fact that this had been stipulated in the contract. The main purchasing subcontractor received over one million shekels in fees but until the completion of the present report, he had not yet settled accounts with the Refineries.

Local subcontractors started work at the site by mid-1975 and finished in June, 1979. Again there were but a few public tenders. Contracts were signed long after construction started — or not signed at all. They were not updated, but the Refineries would rather pay what the contractors reported as "additional work." If new contracts were signed, the Refineries claimed, contractors would start demanding different and better conditions.

For instance: the contract stipulated a total of 900,000 working hours, but contractors reported — and were paid for — 1,950,000 hours. Instead of 163,431 weldings, they reported 264,990, and instead of 16 months as planned, construction took 31. The differences were labelled as overtime and contractors were paid accordingly.

Adding insult to injury, a great deal of the additional work consisted of repairing faulty work, which was the result of poor planning and work standards.

Troubles were not over once the plant was finished. It was put into operation in July, 1979 and the next month one of its eight ovens exploded, damaging a second one. In January 1980, a blaze broke out that damaged two other ovens, causing an estimated \$2.7m. damage. Later that year all ovens were again put into work.

Internal commissions of inquiry investigated what caused the two accidents; the first was found to be due to faulty operating methods, while the second was caused by the incorrect handling of repair equipment.

Reports show that between July, 1979 and June, 1981, the ethylene plant incurred a IS\$215m. loss — half of which was ultimately covered by the government.

The Comptroller sees no bright future for the plant. The price of ethylene has gone down steadily for the past years in most world markets, and local consumers already take as much as they can use. It is impracticable to think of boosting production to the desired 200,000 tons a year — unless further petrochemical industries are set up in the country, to use and export ethylene and ethylene-based goods, he states.

PILOT PLANT AIDS CHEMICAL INDUSTRY

Jerusalem INNOVATION in English No 71, Oct 81 p 7

[Text]

Jerusalem — A unique service for Israel's growing chemical industry is provided by the pilot plant facility, established and operated as part of the Casali Institute of Applied Chemistry. The Casali Institute, in turn, is part of the School of Applied Science and Technology, an increasingly important branch of the Hebrew University's teaching and research activities.

Some years ago critics of institutions of higher education, in this country as in many others, scored some academics' ivory tower isolation. However, they had little difficulty in convincing Israel's universities of the need to go out into the community, and to help solve some of its most urgent problems. The School of Applied Science and Technology was one result of such efforts; it proposes to serve as link between 'pure' science and its industrial application.

Of the seven institutions that operate under the School's aegis, the Casali Institute is perhaps the most advanced; several results of its efforts already have reached the stage of commercial production, in manufacturing plants all over this country. Its functions include the preliminary economic evaluation of newly proposed subjects, the applied research needed for them, and finally also their scaling up to semi-industrial proportions.

The latter objective is served by the pilot plant, a highly versatile installation that can provide a broad range of production facilities and conditions. Those production facilities include a multi-purpose 60 liter reactor of either stainless steel or glass, a 225 liter glass lined pressure reactor, a 200 liter stainless steel reactor system for work under pressure, fluidized bed reactors, a two meter high packed column for vacuum distillation, a 250 liter Nuche type filter and various other kinds of equipment. Instrumentation includes an IBM series 7 minicomputer, which is now being hooked up for on-line data logging and ultimately also for process control, gas chromatographs and other measuring instruments. Within the framework of new projects, to be carried out upon the request of chemical industry firms, the Casali Institute will also consider the acquisition of additional process units, to add capabilities for which existing equipment is inadequate.

Past users of the pilot plant include several of Israel's most important chemical industry firms, all of whom keep coming back for additional projects. The unit, of course, serves as a neutral service center for industry in which the commercial companies' rights and secrets are fully protected. In several instances the facility already has been instrumental in readying new processes for industrial production in Israel; in at least one case, its efforts made the establishment of a completely new manufacturing venture possible.

BRIEFS

YAFO MOSQUE SITE REQUISITIONED--An unexpected turn in the controversy over the historic Hasan Bakk Mosque in Yafo: Today, the government disclosed that it requisitioned the land on which the mosque stands 6 months ago. Neither the Tel Aviv municipality nor the Muslim trust, nor any of the parties involved in the affair knew about this. The disclosure was made this morning at the Knesset Interior Committee, and from the Knesset, Leslie Susser reports. [Susser--live] The Hassan Bakk land was first requisitioned soon after the founding of the state, but it was released in 1971, and in 1974 it was leased for 50 years to the contractor Gershon Peres, on the understanding that he would develop it, and it was when his plans for development were passed a few months ago by a regional planning committee that the storm broke, for Peres, it seems, wanted to turn the area around the mosque into a tourist center. But now it seems that while the controversy was at its height, the land had all along been the government's, requisitioned once again in May of last year. So while the arguments went back and forth, how come Gershon Peres didn't know the land he had leased was requisitioned, and how come the Arabs of Yafo didn't know, and how come Mayor Lahat [of Tel Aviv] was calling on the government to requisition the land when it already had done so? The interior committee members, after their initial surprise at what the treasury had to say, were unanimous in their belief that the best thing now would be to forget all other ideas and simply restore the mosque, and unless there are further surprises, it seems that this is what the government has in mind. [Excerpts] TA101330 Jerusalem Domestic Service in English 1200 GMT 10 Nov 81]

TRANSPORT MINISTRY APPOINTMENT--The cabinet yesterday appointed Dr 'Uzi Landau as director-general of the transport ministry, effective 1 December, Landau, 38, son of the late Transport Minister Hayim Landau, has three engineering degrees, and has specialized as a transport engineer since 1971. Landau will replace Arye Grozbord, who is leaving government service. [TA091942 The JERUSALEM POST in English 9 Nov 81 p 3]

PRESSURE MEASURING DEVICE--The Uniseal Decomposition Vessels Company of Nahariya has earned 'approved exporter' status by virtue of its sales success with a new pressure measuring device. The device takes the form of a decomposition vessel that can take pressures of up to 1,200 p.s.i. and is designed for the analysis of the chemical and compositional properties of explosives, propellants and other organic materials. The vessel is unique in that it eliminates any direct contact between the chamber in which the substances are analyzed and the measuring instrument itself. This is important since it prevents volume changes in the vessel and makes unnecessary any corrections for the presence of a foreign body. The lid of the vessel functions as a high-precision mechanical membrane which regulates the pressure that is then displayed on a meter mounted above. The system, made out of stainless steel and specialized Teflon, complements Uniseal's range of smaller decomposition units and sells for \$900, forty having so far been sold abroad, mainly in America, Germany and Australia. [Text] [Tel Aviv BUSINESS REVIEW & ECONOMIC NEWS FROM ISRAEL in English No 81, 1981/III p 4]

KUWAITI OIL MINISTER COMMENTS ON OPEC STRATEGY

Kuwait KUWAIT TIMES in English 5 Nov 81 p 13

[Text]

OIL MINISTER Sheikh Ali Al Khalifa predicted that "demand on Opec oil will improve and increase enough to allow the different Opec countries to gain an adequate amount of exports share which in itself will alleviate the burden and pressure to decrease prices", according to a local Bank newspaper.

In an interview with 'Al Watan', Sheikh Khalifa expressed relief the decision on the unification of the oil price at the latest extraordinary meeting in Geneva of the organisation of Petroleum Exporting Countries on Oct. 29 "provided us with some kind of stability until next year", he said.

On his view of the problems facing the Opec, Sheikh Khalifa indicated "the greatest problem faced by the Organisation was the circumstances themselves... We have

proved our ability to counter them."

"The great hike in prices in the precious period led to a great decrease in demand also, which in turn caused a competition among the Opec countries to conquer the markets," he explained, adding that "this has created an atmosphere whereby no agreement could be reached and where additional decrease (in prices) were introduced through different barter deals, a thing that caused the absence of trust among all the countries."

TRIP

The Kuwaiti Oil Minister pointed out the long term Opec strategy aims at "flexibility and to once in a while review demand, on the Opec oil, and prices in a manner that guarantees the Opec won't continue to lose the international markets and (that allows it) to be more flexible in relation to the demand expectations."

Sheikh Khalifa was interviewed while en route to Washington. His trip to the US comes in relation to the

latest venture by the Kuwait Petroleum Corporation to acquire the American Santa Fe Company.

Commenting on the investment policy of Kuwait Petroleum, he indicated the Corporation is a commercial establishment that should venture in realms it deems profitable.

"We all know that refineries outside Kuwait are not profitable. But the fields of exploration and the different exploration services such as digging and survey are economically lucrative," Sheikh Khalifa noted.

He pointed out the high level attained by Santa Fe in the fields of exploration services and engineering. "When we think of expanding our investment base in the Third World, we do that through a company with fame and high efficiency. Everywhere, the first question asked in the field of exploration is about the technical partner," Sheikh Khalifa pointed out.

— Kuna

CSO: 4400/54

STRICTER PRESS LAW ISSUED

Kuwait KUWAIT TIMES in English 5 Nov 81 p 1

[Article by Zakaria al Qaq]

[Text]

ERRANT newspapers and their editorial staff face stiffer penalties — including fines and jail sentences of up to two years — according to the newly proposed Press Law now before the National Assembly.

The draft law, which was filed yesterday with the National Assembly by the Cabinet, seeks to replace Article 35 of the law governing the press, under which newspapers can be suspended or have their publishing licences cancelled by order of the Minister of Information.

Under the proposed law, Information Ministry officials will have the right to raid newspaper establishments and printing houses without warrant if such establishments are suspected of having infringed the law.

These inspectors will have the authority to scrutinise files and other documents and boot offending staff.

The bill also calls for the setting up of a Higher Council for the Press and Journalism under the direction of the Council of Ministers. It also calls for financial help for newspaper owners to help them carry out their functions.

EXAMPLES

The owners will, on the other hand, have to maintain proper accounts, clearly showing their income and expen-

diture, especially the sources of income. The books will be maintained according to rules to be formulated by the Information Minister.

Breach of the proposed law regarding the religion of the state or criticism of the Amir or the policies and action of the government will make the Chief Editor, or any of his staff responsible for such breach, liable to a year's imprisonment or a fine of KD 2,000 or both.

A jail term from three to six months and fines from KD 500 — 1,000 can be imposed for reports which provoke sectarian strife, disrupt public harmony, disturb relations with Arab or Islamic countries, or probe into the personal or private lives of others.

Other examples of offensive reporting include:

Insulting remarks directed at the heads of state of Arab, Muslim or any other country with which Kuwait exchanges diplomatic ties; any leak of stories regarding secret contacts or talks being conducted; any information that may be leaked against the government's directives; any texts in full or part drawn from secret sessions held by courts or at the council of ministers; any details on a crime that the authorities have opted to blackout; any attempt to publish court rulings on crimes related to sex assaults or prostitution or the like; any information which may lead to fluctuations in local currency; any news related to merchants falling bankrupt; publications of any declaration, press release from a person, government or

a foreign concern without prior approval of the Information Ministry, and any offending remark directed at a diplomat in Kuwait.

OWNERSHIP

Under the new proposed law, ownership and chief editorship of newspapers will be restricted to Kuwaiti citizens above 25 and not in the employ of any foreign government. At the moment, at least one Kuwaiti magazine is being published by a non-Kuwaiti. The Chief Editor, who must have a sufficient level of education (not stipulated under the bill), will have to personally supervise the preparation of the entire contents of his publication. He could also have more than one editor, each responsible for the supervision of sections of the publication.

CSO: 4400/54

STRAIN IN IRAQI-ITALIAN RELATIONS CITED

London 8 DAYS in English No 44, 7 Nov 81 p 28

[Text] Italian-Iraqi economic cooperation has blossomed during the 'special relationship,' but Rome's recent military-political involvement in the Middle East has annoyed Baghdad, reports Fulvio Grimaldi.

STRAINS are developing in the 'privileged relationship' between Italy and Iraq. At the end of last month the Iraqi foreign minister, Saadoun Hammadi, visited Rome to warn the Italians of Baghdad's uncompromising attitude towards two issues: secret arms supplies to Iran and participation in the planned Sinai peace force.

A year ago, the vice-president of Iraq's command council, Izzat Ibrahim, laid the foundations for this special relationship during discussions in Rome. Economic cooperation was to be increased substantially, as were Iraqi oil supplies to Italy. In return, Rome promised, among other things, to supply Iraq with a fleet of missile-launching vessels.

While today economic relations are still in the ascendant, as shown by the presence of over 60 important Italian companies in Iraq, a cloak of silence has fallen over the naval deal, to which Baghdad had originally assigned decisive importance. Hammadi told a press conference that the subject was not discussed during his visit.

Talking to *8 Days* at the end of his visit, during which he met President Sandro Pertini, Foreign Minister Emilio Colombo and Foreign Trade Minister Raffaele Capria, Hammadi said that any Italian participa-

tion, at the prompting of the US, in the Sinai peace force would be unacceptable, as it would mean supporting the already-discredited Camp David process. The issue is currently being debated in Rome. Other Iraqi representatives will tour countries considering such participation, in a concerted diplomatic effort to block the entire project.

Asked what repercussions participation would have on bilateral relations, Hammadi said that it would be more appropriate to speak about them once an official Italian decision has been taken. He added: 'This might well be a subject for discussion at the next Arab summit in November, and I do not discount the possibility of measures being taken against all participants in that force.' Declaring that Iraq was prepared to step up its oil supplies to energy-poor Italy, 'up to the point of meeting any emergency' but on condition that political misunderstandings be removed, Hammadi left little doubt about what such measures could entail.

Another prerequisite for the continuation of the 'special relationship' is the suspension of all Italian arms supplies to Iran. These were revealed by the press and have been confirmed in Tehran.

BRIEFS

DESALINATION PROJECT--The Ministry of Electricity and Water in Kuwait announced its signing of a \$378 million contract with a consortium of Japanese companies for seawater desalination in Kuwait. The total output of all the units will be approximately 72 million imperial gallons per day, with a possible increase to 82 million by using certain chemicals at a very high temperature. The units' current output is 102 million gallons per day, in addition to the other units under construction that will have an output of approximately 43 million gallons. [Text] [London AL-MAJALLAH in Arabic No 90, 30 Oct-6 Nov 81 p 46] 9455

EXPATRIATE LABOR DECREASE--Labour permits issued for the private and oil sectors during the second quarter of 1981 dropped by 15.8 per cent compared to the same period last year, an official report said yesterday. The total number of labour permits issued during that quarter dropped by 24.4 per cent compared to the same period in 1980, the report by the Ministry of Social Affairs and Labour added. The number of workers entering Kuwait for the first time dropped by 18.5 per cent and final departure of workers increased by 11.7 per cent. Renewal of work permits increased by 1.9 per cent during the second quarter of this year and permits issued to business and handicraft men increased by 122.2 per cent and 272.7 per cent respectively, the report said. Work permits for the construction sector during the second quarter of 1981 reached 51.8 per cent compared to 22.6 for the commercial and 10.1 per cent for the industrial sector. The remainder was issued to the transport, storage, agriculture, real estate, services and insurance sectors.--Kuna. [Text] [Kuwait KUWAIT TIMES in English 7 Nov 81 p 1]

CSO: 4400/54

LEBANON

COMMUNIST PARTY LEADER INTERVIEWED BY CUBAN PRESS

Havana GRANMA in Spanish 6 Oct 81 p 6

[Report on interview with Lebanese Communist Party secretary general Georges Hawi by Rodolfo Casals; date and place not given]

[Text] "Lebanon is now going through a crucial period, probably the most dangerous one since the start of the events that took place in 1975. The savage Israeli attacks, backed by American imperialism, have launched a new phase in the Zionist military escalation against the country," said Georges Hawi, secretary general of the Lebanese Communist Party (PCL) Central Committee.

In statements to the Cuban press, the Arab leader — whose party constitutes part of the Lebanese National Movement (MNL) — added that the American-Israeli military escalation could at any moment transform itself into large-scale armed operations and occupation.

For Hawi the objective of the U.S. and Israeli attacks is to attempt to impose on Lebanon the Camp David conspiracy and rush to the aid of Israel's allies inside Lebanon. However, he feels that the heroic struggle being carried out by the joint forces of the MNL and the Palestine Resistance Movement, supported by Syria and the other member-nations of the Firmness and Rejection Front as well as all the revolutionary and progressive forces in the world, has been able to abort the latest American-Israeli plans for aggression.

"At the present time," he reported, "the American imperialists are pushing us to impose a plan that will permit them to achieve what Israeli attacks have not been able to accomplish, that is, to disarm the Palestine Resistance Movement and impose on Lebanon an antinational policy that serves imperialist and Zionist plans."

Going deeper into his evaluation of the extent of the MNL's struggle, the secretary general of the PCL claimed that it had succeeded in creating the basis for the defeat of the imperialist, Zionist and reactionary plot aimed at liquidating the Palestine Resistance Movement, torpedoing Syrian resistance, eliminating the Lebanese national presence and incorporating Lebanon into the Camp David agreements as a first step in the generalization of those agreements to all the Arab countries.

"This struggle of the MNL's," he went on, "has also succeeded in defeating the program aimed at imposing a military dictatorship on Lebanon through the utilization of a religious and sectarian army."

For the PCL the solution to the lengthy crisis the country has been going through will be through the restitution of national unity, a guarantee of its independence, affirmation of its Arab appurtenance and dedication to its democratic development. The basis for this solution would consist of breaking off all kinds of relations with the Zionist enemy, liquidating fascist domination over part of the country and liberating the South, occupied by Israel since 1978.

In Hawi's opinion, all of the above makes it imperative for the MNL to work for the realization of a comprehensive plan of national and global opposition to Zionist-imperialist-reactionary domination at all levels (political, popular and military).

The importance of a swift solution to the Lebanese conflict stands in direct relation to the significance the imperialists and their allies assign to the total domination of Lebanon. In connection with this, Hawi explained that Lebanon is the main location where the Palestine Resistance Movement can be dealt severe blows and where a war of attrition can be carried out against Syria to weaken it and paralyze its opposition to the Camp David compromise.

"Our party," he said, "calls for the mobilization of the masses in a great struggle to find a political solution to the problem, one of particular importance to all progressive, patriotic, democratic and antifascist forces in the country. But, having no illusions about the institutions of the American imperialists, Israel and their local agents, the PCL goes on preparing itself for all forms of struggle, including armed combat."

As far as relations with the Palestine Resistance Movement are concerned, the secretary general of the PCL reminded us that the party always strives to strengthen its ties with the leaders of the Palesinian people and to utilize all the abilities of Lebanese and Palestinian patriots in the struggle against imperialism, Zionism and reactionary elements. He emphasized the fact that the two causes, Lebanese and Palestinian, complement one another within the framework of the progressive Arab national struggle against the policy of betrayal of the Arab cause.

Finally, Hawi stressed the fact that the PCL is convinced that the strengthening of MNL influence is one of the chief guarantees for the preservation of the Palestine Resistance Movement's existence in Lebanon and also of the need for consolidating the tripartite alliance between the MNL, the Palestine Resistance Movement and Syria in order to successfully oppose the Falangist-Zionist plan.

11,466
CSO: 4548/3

FAHD PLAN DECRIED AS EQUIVALENT TO CAMP DAVID

London AL-ZAHF AL-AKHDAR in English 30 Oct 81 p 5

[Text]

BEGIN SAID he had been deeply shocked by what had happened. Reagan said that America was overwhelmed by sadness. Telegrams of condolence came from all over the world from rulers ignorant of the true feelings of the Egyptian people. Hosni Mubarak walked with the funeral cortege, shaking with fear and all the while he was saying that Egypt would continue on 'the course of peace' and that relations with Israel were excellent and that US protection would guarantee his regime's safety. But history rejects Mubarak, for he who takes the course of Sadat, takes the course of treason.

ALL THE time we have been directing our attention to the

deceased President Sadat, we have been forgetting one important thing: Sadat did not die, because his policies live on. The planners in the White House knew what to do in the event of Sadat's death; all they had to do was put into operation a pre-arranged programme of action.

This they have done, with Mubarak's succession. But the Americans and the Zionists have still failed to involve anyone save Sadat and Nimeiri in their Camp David process and they have failed even to implement their so-called 'autonomy' plan for the West Bank and the Gaza Strip.

The Fahd plan

Because of their failure to complete even the treasonable Camp David process, the enemies of the Arab Nation came up with a Camp David in disguise: the Fahd plan. The Fahd plan is the answer which Washington has come up with, in the event of the total collapse of Camp David. When the so

respectable President Sadat was at work on his schemes, Prince Fahd remained silent. But now Sadat is silent and therefore the Prince's time has come. The central stage is now no longer Egypt, because machine-guns and grenades have dealt with the principal actor. But the prince remains and his work continues.

Following Sadat's death, the entrancing effect of that event led most Arab governments to send their condolences to the Egyptian regime, in complete disregard of the Baghdad conference and successive Arab League resolutions. Three days after the event, they began to realise that they had made something of a slip-up, so some retreated from their position and announced that actually they welcomed the death of Sadat, but merely objected to the method of his death. While some cancelled plans to travel to Egypt for the state funeral, all were agreed on one thing: the need to contact Nimeiri to reassure him and ask him to continue to follow

his policies, otherwise Sadat's death might spark the historic revolutionary march against the reactionary American axis.

Camp David has not died

Yet the Sudanese regime was filled with horror following Sadat's death and America and its European allies had to come to Egypt's and Sudan's immediate aid. Choosing to intensify its presence in Egypt, the Americans pushed Egypt into choosing the new President with extraordinary speed. The result of all this is that while Sadat may be dead, his policies live on. Camp David has not died yet, there is even as yet no immediate need for the Fahd plan to step in in its place. Therefore the question facing us is this: Has the corpse of Sadat not been enough, or are more showers of bullets going to be necessary to complete the process of reversing the tide of treason?

CSO: 4500/45

STRENGTH OF ECONOMY ASSERTED

London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 17

[Article by Phil Kelly: "Libya Can Weather the Storm"]

[Text]

PRODUCTION LEVELS are the key to oil prices. Demand for oil has dropped in the developed world, mainly because of the slump, while more oil is being produced by non-OPEC countries like Britain and Mexico. The result is that total OPEC production has fallen from about 30 million barrels a day (mbd) in 1979 to 22 mbd this year. Yet Saudi production is virtually the same as two years ago — just over 9 mbd. It had actually risen to 10 mbd before their production was cut by ten per cent on 1st September.

The Saudis cut production because the price for Saudi crude was being forced under the level of \$32 a barrel which is the lowest even they will accept. The glut they have created is designed to help the USA and to create problems for three countries which have fought hardest for fair oil prices — the Libyan Jamahiriya, Algeria and Nigeria. In August, at the OPEC Ministerial meeting in Geneva, the Saudis refused to agree with other oil producers that production should be co-ordinated to allow a posted price of \$35 a barrel. Adding the premium paid for African crudes like Libya's would have brought the Libyan price to \$39-\$40 a barrel — Libya's current posted price.

In his speech to the Tripoli rally celebrating the twelfth anniversary of the Libyan revolution, Libyan leader Muammar Qadhafi sharply criticised Saudi policy. 'The reduction in the price of Arab oil benefits America,' he said. 'America wanted the international market flooded with oil in order to bring pressure to bear on countries like Libya, Kuwait

and the United Arab Emirates to fall in line with US policies in the region. But, Qadhafi pointed out, it was Nigeria which had suffered most from the price squeeze to the point where it could no longer meet its internal commitments. 'This is because it cannot sell its oil in view of the cheap Saudi oil and the market glut; it is this which has prevented others from buying Libyan oil at \$40 a barrel,' the Libyan leader declared. This was in the interests of America and the Zionists, he pointed out.

Recent weeks have seen a press campaign of exaggeration and inaccuracies, with the evident intention of persuading world opinion that Libya's reduced oil production will have the effect of both slowing its development programme and limiting its independence of action abroad.

Most persistent in falsifying the situation has been the London weekly *The Economist*. On 5th September, and again on 12th September, the journal claimed that Libyan production was down to as low as 600,000 barrels a day, and that revenues had therefore slipped from \$22 billion to \$7 billion annually. The figures for current production and revenue are plucked from thin air: *The Economist* also invented a figure for proposed expenditure under the Jamahiriya's 1981-85 Development plan — \$70 billion. The actual figure is \$62.5 billion. 'A ministerial committee is feverishly trying to work out a series of budget cuts,' the journal claimed. No doubt when *The Economist* gets round to reporting the accurate figure for the development plan, it will describe it as 'cut from the previous \$70 billion.'

Susan Morgan, writing in *The Observer* on 6th September, started with the old State Department myth that Libya is an international troublemaker. She claimed that 'Libya spends many millions bank-rolling revolutions throughout the world,' and implied that this 'burden' would have to be shed in the light of reduced oil revenues. Libya does contribute to national liberation movements, but it is a small sum indeed compared to the outlays on creating an industrial base for the Jamahiriya.

Domestic economy

At home, Libya seems unlikely to have cash flow problems. Underspending of planned development budgets has been a major problem in the past. Jedouri Azouri Talhi, the Secretary to the General People's Committee, told the General People's Congress in January 1980 that the country had entered the final year of the 1976-80 Development plan 'with overdue projects worth 1,600 million Libyan dinars (\$5.5 billion). This means that the workforce is exhausted, and we have undertaken tasks beyond our powers,' he said.

In an interview with *8 Days* magazine on 6th September, Rajeb Missellati, Governor of the Jamahiriya's Central Bank, outlined the measures which could be taken to make sure that the drop in oil revenue would have minimal effects on the economy:

□ 'Of course if we are facing a temporary cash flow problem, we will resort to our reserves. Isn't that what reserves are for?' he said. Official reserves are estimated at \$14 billion;

□ Commercial banks in Libya have an estimated three billion Libyan dinars (\$10 billion) in savings which has not been tapped for investment;

□ Libya could borrow easily on the international capital market; commercial loans were estimated at as low as \$686 last year, and Libya is abundantly creditworthy, with oil supplies lasting until well into the next century;

□ Tighter tax collection could yield considerably more revenue.

Ironically, the appreciation of the dollar against other trading currencies enhances Libya's international buying power. Helen Junz, oil economist at Townsend Greenspan, a consulting firm, said the big increase in OPEC's purchasing power resulting from weakened West European currencies is largely offsetting the cuts in output made by some producers,' the *International Herald Tribune* reported on 29th August. Ms Junz estimated that Libya's purchasing power had risen by 21.4 per cent. Mr Missellati estimates that because the Italian lira has dropped so sharply against the dollar, Libya's purchasing power overall has risen by more than 29 per cent. 'Italy is Libya's principal trading partner.

The ramifications of the economic campaign became clearer with the announcement that Saudi Arabia was to supply Italy with 200,000 barrels a day, after a gap of twenty months. In August, ENI of Italy stopped lifting crude from its Libyan concessions. 'Although Italy's move was generally ascribed to Tripoli's high prices, it has been generally interpreted as part of NATO's strategy to isolate the Libyan regime,' *8 Days* reported on 18th September.

AGRO-INDUSTRIAL PROJECTS REVIEWED

London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 19

[Text]

LIBYA'S FIRST turkey farm was opened on 9th September by Mr Bashir Jawda, Secretary for Land Reclamation and Agrarian Reform. Comprising four pens with an annual production capacity of 40,000 birds, the project is part of a long-term plan to establish 129 turkey farms with an annual output of almost two million turkeys — the equivalent of more than 12 million kilograms of meat per year.

September also saw the start of work on a major new integrated poultry production project at Azizveh, one of the largest yet launched in the Jamahiriya. The scheme aims at producing 5 million tonnes of poultry meat and 6.5 million hatching eggs per year. In addition to slaughter houses and cold storage facilities, the new project will have its own poultry feed mill, with a capacity of 11 tonnes per hour.

The increasing number of agro-industrial schemes in the Jamahiriya has been accompanied by an expansion in the country's feed milling capacity. The latest animal feed plant, described by

the Jamahiriya news agency JANA as the largest in Africa, was opened in Tripoli on 3rd September, as part of the celebrations marking the twelfth anniversary of the Al Fateh Revolution. The plant has an hourly capacity of 30 tonnes of cattle and poultry feed, and will bring animal feed production in the Jamahiriya to 375,000 tonnes per annum, according to the General Milling and Feedstuffs Company. Covering a 12 hectare site, the factory has 36 storage silos and will employ 65 workers.

The Jamahiriya's new agro-industrial plants will make a major contribution towards the self-sufficiency in food which Libya's planners are aiming for by the end of the century. By 1985, at the end of the current five year plan period, it is expected that Libya will be importing only 38 per cent of her food requirements, against the present 46.5 per cent. It is also planned that domestic output of processed foods will be meeting 35 per cent of local demand, compared with the current level of 27 per cent.

CSO: 4500/45

ACHIEVEMENTS IN REGIONAL PLANNING LAUDED

London JAMAHIRIYA REVIEW in English No 17, Oct 81 pp 14-16

[Text] The most vital concern for the Libyan Jamahiriya today is development. Over the past ten years her massive oil wealth has been channelled into a series of bold projects designed to ensure that, by the time the oil runs out, Libya will be economically self-sufficient. A special contributor looks at future regional development schemes which are part of a plan to the year 2000.

IN A period of a few decades Libya must make up for centuries of neglect and create an infrastructure that will stand comparison with anywhere in the developed world. Of course, this sort of pressure for rapid development confronts every oil state, but Libya has some unique problems as well to complicate her task.

Despite her vast land area of almost 1.8 million square kilometres, only two per cent is suitable for agriculture. A further eight per cent could be used for pasture and, of the rest, eighty per cent is desert and ten per cent steppe. For Libya's population, now over three million, this means that the provision of adequate food supplies is very difficult. Furthermore, any attempts to increase food production by extending agricultural activities are bound to run up against the very hostile physical environment that covers ninety per cent of the country. One result of this has been that Libya's population has necessarily been concentrated in those areas that are the most fertile — the Mediterranean coast around the towns of Tripoli and Benghazi and, to a lesser extent, Sebha in the Fezzan.

Planning in Libya, given these constraints, must therefore address three separate issues. It must create an effective industrial base for economic self-sufficiency and diversification in the

shortest possible time. It must also develop the limited agricultural base to the maximum if the goal of nutritional self-sufficiency by the end of the century is to be achieved. Finally, Libya's population must be dispersed away from the congested coastal areas through the careful location of agricultural and industrial projects in new regions. Here regional planning is of vital importance for it translates national plans which deal with the development of economic sectors into geographic reality. It can maximise the use of available resources and counteract the tendency of population and economic activity to concentrate in the temperate coastal regions.

Environmental constraints and advantages

Availability of water is one of the critical factors in Libya's development, both for regional planning and for her overall aims. The traditional concentration of population along the Mediterranean grew up because this was the only region where there was sufficient rain for agriculture to succeed. In the Tripoli region, the Jefara plain and the Jabal Nafussa receive about 200 mm of rain per year — just sufficient for the dry-farming of wheat and other cereals. In the eastern Benghazi region, rainfall can rise to up to 600 mm in parts of the Jabal al-Akhdar.

Elsewhere rainfall is negligible. This is a critical consideration for industry too, for it also needs vast amounts of water and, unless sufficient amounts are available locally, industrial development is impossible.

Despite the shortage of rain, Libya is extremely fortunate in having vast reserves of underground fossil water. These are located in the Sebha and al-Khalij regions, particularly in the Murzurk, Kufrah and Sarir basins. They have formed the basis of Libya's recent strides in agriculture and, although fears have been expressed about abuse of such a precious resource, it seems that these fossil reserves will be exploited to their maximum in the future.

In addition to water, two other vital raw materials have vitally influenced regional planning. Oil is self-evidently one, for it was the discovery of oil in the 1960s and its exploitation that made the desert south of the Gulf of Sirte into a major economic zone. More recently, the mining of immense deposits of iron ore at Brak, close to Sebha, and the discovery of uranium close to Libya's border with Chad, has spurred increased developmental attention to these areas.

The specific locations of such resources in the interior of the country is one of the factors that has most profoundly affected concepts of regional planning recently, as far as areas remote from traditional population centres are concerned. They have made it possible to consider decentralisation of economic activity beyond just those areas where the oil fields are located and away from the Gulf of Sirte coastline, with its oil-based industry. Now the desert can also play an active role in Libya's development.

The background to regional planning

The pre-revolutionary regime paid lip-service to the idea of regional planning and the detailed planning proposals published in 1966 were designed to counter urban drift, as oil caused urban living standards to rise. Attention was to be paid to improving regional living standards and to infrastructural development. However, the really critical fields of productive agriculture and industry received scant attention. In any case, these plans were rejected in 1968 and the Revolution intervened before new plans could be drawn up.

It was only after a detailed review had been completed in 1972 that new regional plans were prepared. These had had to take into account the piecemeal development projects already underway in industry and agriculture. Industry had to follow the pattern dictated by existing refinery and petrochemical plant. Agriculture was restricted by lack of water resources to the coastal regions of the Jabal al Akhdar and the Jefara plain. The only variation in this pattern was the Kufrah project, then under development, to create 10,000 hectares of fertile land in the desert by the use of fossil water reserves. The difficulties inherent in this type of project were to be made clear in 1973, as the Kufrah scheme came into operation. Fodder yields were low and water demand much higher than expected. As a result, the scheme had to be converted to cereal, rather than fodder, production. All these factors were to dominate the subsequent three-year transitional plan and the 1976-1980 five-year plan that succeeded it.

However, as oil revenues increased after 1973 and 1979, planners began to think ahead to the end of the century. It was clear that concerted regional planning was essential if the Jamahiriya was to successfully settle, supply and employ its anticipated 4.5 to 6.5 million-strong population by the year 2000 AD. Unless action was taken, this population, twice the size of Libya's population today, would be concentrated on the coast and the interior would be completely depopulated.

In 1979 a master plan was drawn up — the National Physical Perspective Plan, or the '2000 Plan'. It was to dictate the general lines development was to follow until the end of the century, at an estimated cost of 103 billion dinars. Detailed development was to be executed through a series of five year plans within the general framework of the master plan. Both the master plan and the five year plans come under the control of local municipalities and the Secretariat for Municipalities, thus ensuring that a regional perspective will always be kept in view.

The 1981-1985 plan, which forms the first stage of the '2000 Plan', will cost 18,400 million dinars, the equivalent of three years' oil revenues at today's prices, and is to provide an annual growth rate in

gross domestic product (GDP) of 9.4%. Industry gets 23% of total investment and is expected to grow annually at over 20 per cent, both in major heavy industry projects and in the more diversified general and medium industrial sector. Ten per cent of total investment will go to revitalising coastal agriculture, to reduce Libya's dependence on imported food, at present 60% of all the food she consumes. The costs of the plan will of course be borne by oil revenues — as the result, it is hoped, of increased unit prices, since the plan foresees a 15% drop in production from the currently projected figure of 1.75 million barrels per day (b/d) by 1985. The oil sector then will only provide 47% of Libya's total GDP, for non-oil contributions to GDP are to grow from the current figure of 35% to 53%. The new plan is highly ambitious when compared to its predecessor, where the growth rate in GDP was only 7%, but oil revenues have risen. Problems may come from Libya's ability to absorb the massive inputs she proposes.

Agriculture

The pattern that regional development in agriculture will follow is clear. The 170,000 hectares of irrigated land in the Jefara plain and the 40,000 hectares in the Jabal al-Akhdar will be augmented by an additional 66,000 hectares; dry-farming will be extended by a further 350,000 hectares, mainly in the Gulf of Sirte. There will also be a massive increase of 1.5 million hectares in pasturelands.

In addition to these developments, there will be a massive expansion of irrigated agriculture through the use of fossil water in other parts of the Sebha and al-Khalij regions. Schemes similar to the Kufrah scheme have already begun in Sarir and Sebha (Maknoussa) and these are to be extended. The 1981-1985 plan foresees the

Kufrah scheme being extended by a further 10,000 hectares while 200,000 hectares of new irrigated land are to be developed in the Sarir basin at Tazerbo.

These desert schemes serve a double purpose. They are considered to be the only way in which Libya can hope to attain food self-sufficiency in a reasonable time, despite the massive costs — land reclamation in Kufrah, for example, costs 10,000 dollars per hectare. In addition they also provide a way of retaining a

local population in what are otherwise remote and inhospitable inland areas. By 2000 AD Libya's rural population will number 1.1 million people and will provide a rural workforce of 200,000, 50% more than today's figure. Although the majority will live in the fertile coastal regions, a significant minority will stay in the oases of the Fezzan and the al-Khalij, at Kufrah and Sarir. Sarir, for instance, will require a population of 200,000 to ensure that its schemes are fully operational.

Industry

The other major concern of regional planners has been industrial development. This major industrial sector has to be based on oil and petrochemicals, for oil is the most important national resource, both as an industrial raw material and as an export commodity. Libya earned 4,510 million dinars in 1979 and an estimated 6,500 million dinars in 1980 from oil. The fact that the contribution of oil to GDP is to fall means that petrochemicals and refined petroleum products will have to become an important source of alternative export earnings.

Oil and oil-related activities are almost exclusively located in the al-Khalij region, a region which dominates Libya's economy as a result. Within the region itself, oil provides 98 per cent of GDP and the region as a whole provides 97 per cent of Libya's total GDP. All this wealth is generated in the oil fields and the coastal processing centres of Marsa Brega, Ajadabiah, Sirt and Ras Lanuf, with a small contribution coming from the agricultural sites at Kufrah and Sarir. The importance of oil-related industry has meant that the al-Khalij coast has acquired all the characteristics of an integrated petrochemicals industrial sector. Marsa Brega has a 10,000 b/d refinery, with an associated natural gas plant, a methanol complex and an ammonia/urea plant which started operations in 1980. The new centre of Ras Lanuf contains the most important petrochemicals development. An ethylene complex to produce up to 52,000 tonnes per year is under construction. A new refinery there, once completed, will handle 220,000 b/d and another chemicals complex will take its feedstock from Masada.

Outside al-Khalij, the major centre for industrial development has been the Tripoli region. Quite apart from petrochemical and refining plant at Zawia and

Tripoli, it will house the major industrial development proposed under the 1981-1985 plan — the Misrata steel complex. This massive project, costed at one billion dollars for the initial stages, is to produce 1½ million tonnes of steel by 1986. By the end of the century, production is to reach three million tonnes. An aluminium smelter and foundry may also be built at Zuwara and a nuclear power station is proposed for Tahuna.

Such massive projects automatically involve regional planning. The Misrata complex is to use iron ore from the deposits at Brak and a new railway line is to be built between Tripoli and Sebha, with branches to Brak and Misrata to transport the ore. Similar considerations apply to future water use in the al-Khalij region, for steel production and nuclear power require massive amounts of water, as will the new agricultural irrigation schemes at the coast.

A 400 km long double pipeline has been proposed to run from Sarir to Marsa Brega. There it will split to Ras Lanuf and Sirte, and to Ajadabiah, dividing its annual two million cubic metres of water between the al-Khalij coastal region and the Benghazi region. The ability to inter-connect resources between regions is clearly essential, for without this ability, much of Libya's development would have to come to a stop.

Demography and settlement

The basic concern behind all of Libya's regional planning is demography. Fully five-sixths of Libya's population will be

urbanised by the end of the century and, without regional planning, it would be forced into the overcrowded districts around Tripoli and Benghazi. To overcome this the proposed future urban growth pattern in the '2000 Plan' encourages settlement in the interior and along the Gulf of Sirte. Tripoli's population is expected to reach almost two million and Benghazi will reach the seven hundred thousand mark. New urban centres in the Sirte region will relieve the pressure on Benghazi and Tripoli, with new towns around Misrata, Ras Lanuf, Marsa Brega and Ajadabiah. Agricultural development in the Benghazi plain and the Jabal al-Akhdar will disperse settlement around Benghazi itself. Development along the southern flank of the Jabal will link in to Derna and Tobruk, making them into more important urban sectors.

The major developments will come in the al-Khalij region interior. The expanded schemes at Sarir and Kufrah will provide a new north-south settlement axis, running down from Ajadabiah, while in the Sebha region, settlement patterns will link the region to Tripoli. These two new axes will, it is hoped, ensure that a significant proportion of the population will continue to live in the interior. Unless such population dispersal is achieved, Libya will become merely a southern Mediterranean littoral state and she will lose her links with Africa south of the Sahara. It is this factor which is perhaps the most important for the future, for, without easy access to the huge potential markets of Africa, Libyan development might face a bleak future.

URBAN WATER CONTRACTS FOR BRITISH FIRM

London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 19

[Text]

THE CONSTRUCTION of modern water supply systems is a key aspect of the Jamahiriya's programme of urban redevelopment. The British firm Baldwin Overseas has been active in this area of Libya's development, and its involvement has been stepped up by the recent award of two water supply and pumping contracts by Benghazi Municipality. The new contracts bring the total value of the firm's Libyan work to \$25 million.

The largest of the new contracts, valued at \$8.4 million, involves laying 18 kilometres of ductile pipe and 11 kilometres of PVC in Quaffia, a small town just north of Benghazi. Completion is due in 30 months.

The second contract, worth \$6 million and for completion in 20 months, is for the installation of

eight submersible pumps in an underground reservoir at Sidi Khalifa, a few kilometres north of Quaffia.

Baldwin is already working on a \$3.4 million contract for a sewerage pumping and treatment plant at Gasr Abu Hadi, a small town in north central Libya. The project is due for completion next February. Consultant is Poland's Polservice and Britain's Sigmund Pulsometer Pumps is supplying all the mechanical equipment under a \$550,000 order.

Baldwin is also working on a \$5 million sub-contract from Libya's Al Jabal Contracting Company for a water supply system in Merad Masoud, about 150 kilometres north east of Benghazi. The project is due for completion next August.

CSO: 4500/45

FINNISH FIRMS IN EDUCATION

London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 18

[Text]

THE LIBYAN Jamahiriya is engaged in a major expansion of opportunities for vocational and higher education, designed to overcome the shortages of skilled manpower that pose a severe constraint on the country's overall development programme. Finnish firms have played an important role in expanding Libya's educational facilities, and in recent weeks have won further major contracts.

In September it was reported that the Light Industry Secretariat had awarded the OMP Consortium a \$9 million contract to build three vocational training centres, to be sited at Beida, Shahat and Marsa Susa. The consortium, which has already completed a \$20 million dairy project in the Beida area, is reportedly negotiating for the construction of a fourth training centre and a clinic.

Another vocational training centre is under construction by Finland's Makrotalo at Bani Walid, 200 kilometres south east of Tripoli, and in September it was announced that the firm expects the project to be completed next April. Under contracts with a combined value of \$55 million, Makrotalo is also building staff housing complexes at four separate development projects in the Jamahiriya.

In late August it was disclosed that the Finnish firm Are has a two-year, \$9 million contract to maintain electrical, plumbing and air conditioning systems at Tripoli's Al Fateh University.

Are's other work in the Jamahiriya includes the provision of site electricity supplies at the Ras Lanuf petrochemicals complex, and instrumentation and electrical installation at the Oasis Oil Company's desert oil camps.

VEHICLE PRODUCTION RISES

London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 18

[Text]

LIBYAN LEADER Muammer Qadhafi officially opened the Jamahiriya's first tractor assembly plant on 2nd September, as part of the celebrations marking the twelfth anniversary of the Revolution. Located at Tajoura, some 20 kilometres east of Tripoli, the LD 10 million plant has an annual production capacity of between 3,000 and 5,000 tractors, depending on the number of shifts worked. The venture was set up and will be operated by the Libyan Tractor Company, formed in June 1977 with a one third stake by Canada's Massey Ferguson and two thirds by the Jamahiriya. Tractor assembly began in temporary premises at Tajoura in June 1979, and last year's output totalled about 2,500 tractors. Three models are produced, and the hope is that about 30 per cent of components will eventually be manufactured in Libya. Last year the tractor plant covered about 30 per cent of domestic demand and this is expected to rise to about 56 per cent by 1985.

Tajoura is also the site of Libya's first bus and truck assembly plant, and a Fiat executive has disclosed to *Jamahiriya Review* that the plant recently

entered operation and will soon be officially opened. The venture was set up and will be run by the Libyan Truck Company, created in December 1976, with a capital of LD 12 million — 75 per cent put up by Libya and the rest by Fiat (which in turn is about 13 per cent owned by the Libyan Arab Foreign Bank). Construction of the ultra-modern plant began in 1977 and is now virtually complete, the outstanding work not having prevented start-up.

Initially, the bus and truck plant will confine its activities to assembling imported Fiat parts, but the hope is that between 20 and 25 per cent of parts will eventually be manufactured in the Jamahiriya. By 1985 trucks from the Tajoura plant should be meeting about 12 per cent of Libyan demand, and buses about one quarter.

The Italian Calabrese concern is establishing a truck body and trailer assembly plant near the bus and truck plant, and this is reportedly on the point of starting operations.

The vehicle assembly plants are being set up as part of the Jamahiriya's long-term programme to reduce her dependence on

foreign suppliers. One of the major projects in the current five-year plan is a car assembly plant, and approaches have already been made to manufacturers in West Germany, Japan and Britain.

Rapidly rising incomes in Libya, coupled with the country's ambitious development programmes, have led to soaring demand for passenger cars and commercial vehicles. Recent statistics from the Tripoli Chamber of Commerce show that by the end of last year there were a total of 606,674 vehicles in the Jamahiriya, 372,860 were private cars, averaging out at one for every five Libyans. Recently concluded orders point to further increases in the number of vehicles on Libya's roads. British Leyland has reportedly won contracts to supply several thousand vehicles, of which 4,500 will be shipped this year, all of them Land Rovers and Range Rovers. And Japan's Toyota Motor Corporation has won a \$42.2 million order for 1,700 light buses and 7,600 four-wheel drive vehicles. *Middle East Economic Digest* reported on 18th September.

LAA BUYS AIRBUSES

London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 19

[Text]

LIBYAN ARAB Airlines, the Jamahiriya's national airline, has placed an order worth an estimated \$400 million with the European Airbus Industrie group for ten Airbuses, it was announced in September. Few details of the contract have been disclosed, but it is understood that the ten aircraft include a number of the 250-seat A-300s and also the smaller 200-seat A-310 Airbuses. The first deliveries are due next June, and will be continued for five years at the rate of two aircraft per year.

The Airbus contract is part of LAA's programme to expand its domestic and international services. The airline expects to be carrying 3.6 million passengers per annum by 1985, compared with the current 1.5 million. In April LAA placed an order with Holland's Fokker-VFW for eight F27 light aircraft, and there are reports that it is now negotiating to buy some of the larger F28s.

Parallel with the expansion of LAA's operations has gone a major development of the Jamahiriya's airport facilities. In September it was reported that a \$7.7 million design and construction supervision contract for eight new airports has been won by Italy's GPL Generale Progette. They will be sited at Ubari, Zuwara, Nalut, Zliten, Sirte, Derna, Dahra (south of Ras Lanouf) and Greyat, about 150 kilometres south of Tripoli. Mainly to serve medium range domestic flights, the airports will be similar in design, each having a main runway about 2,400 metres long, with provision for extension to 3,600 metres. The first tender documents are expected to be issued next summer, and completion is expected in about four years.

CSO: 4500/45

BRIEFS

LOAN FOR MALAYSIAN MUSLIMS--The Libyan Jamahiriya has granted a ten-year, interest-free loan of \$4.66 million to the Malaysian Muslim Welfare Organisation, Perkim, for their new headquarters building in Kuala Lumpur. Details of the loan were disclosed on 27th July by Perkim Vice President and Sarawak State Chief Minister Patinggi Abdul Taib Mahmud, on his return from Tripoli where the loan agreement was signed. The Jamahiriya had earlier given a \$6 million loan to Perkim. [Text] [London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 19]

LIGHT INDUSTRY EXPANSION--The celebrations marking the twelfth anniversary of the Al Fateh Revolution saw the opening of the Jamahiriya's latest light industrial plants--a domestic hardware factory in Tripoli and a perfumed soap factory in Janzour. The Tripoli factory, opened on 14th September includes the Arab homeland's first plant for the manufacture of stainless steel utensils. About 45 per cent of the 131,120-item annual output will be exported. Another section of the factory will produce 262,245 aluminum pots and pans per annum on single-shift working. Agreement has reportedly been reached for the factory to be expanded by the addition of a cutlery plant. The Janzour soap factory will be able to produce about 2,000 tonnes of soap per year with one shift of 78 workers. If three-shift working is introduced, output should cover 80 percent of the Jamahiriya's demand for perfumed soap. Industry, with allocations totalling LD 3,930 million, is accorded the lion's share of expenditure in Libya's LD 18,500 million 1981-85 development plan, launched last January. About 30 per cent of the allocations for industry are earmarked for light industrial projects. This year's expenditure for light industry was set at LD 200 million. [Text] [London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 19]

URBAN ROAD CONSTRUCTION--Ring roads are being built in the Jamahiriya's cities to avert congestion caused by the rapidly increasing numbers of vehicles, and particularly private cars, on the roads (see vehicle manufacturing report). The contract for the latest ring road project, for the north eastern town of Derna, has been won by South Korea's Hyundai Construction Company. The 12 kilometre carriageway route was designed by Britain's Howard Humphreys & Sons. The \$270 million contract includes the construction of several large bridges and viaducts, the largest being a 400 metre arch bridge spanning the Wadi Derna, about 90 metres above the wadi bed. It was also reported in early September that a \$165 million road and tree planting scheme for Derna province has been won by the Philippines' Landoil Resources Corporation. The two year contract is for a 135 kilometre highway and for planning 50 hectares with trees. [Text] [London JAMAHIRIYA REVIEW in English No 17, Oct 81 p 18]

COUNTRY INCREASES DEPENDENCE ON OIL REVENUES

London 8 DAYS in English No 44, 7 Nov 81 pp 56, 57

[Text]

ANNIE KING-UNDERWOOD reports that, in spite of Omani dependency on its limited oil reserves, 1980 was a bright year for the economy.

THE LATEST report from the Central Bank of Oman shows that the country is becoming more and more dependent on oil revenues, despite the current oil glut. The report says that during 1980 oil revenues were Omani riyals 831.2m (\$2.4bn) — 86.6 per cent of the country's total revenues. However, 1981 revenue from oil is estimated at OR1.17bn (\$3.39bn), which represents 92 per cent of the total estimated revenue. Projected oil income for 1981-1985 will be OR6.37bn (\$18.4bn) out of total revenue of OR6.94bn (\$20bn).

The report also reveals that the contribution of the oil sector to the GDP in 1980 went from 61.5 per cent to 69.2 per cent compared with the preceding year. The volume of Omani oil production fell by 4.6 per cent in 1980 to 282,000 b/d from 295,000 b/d in 1979, but this drop in volume was amply compensated by the fact that Omani crude prices increased by 84.4 per cent during the period beginning early 1979 till the end of 1980. For instance, during a span of one month, December 1979 to January 1980, the price of Omani crude shot from \$28 to \$41 a barrel. After various price swings during 1980, the year ended with Oman obtaining \$38.5 a barrel. At the moment Oman is charging \$34 a barrel for the fourth quarter of 1981 liftings. Oman has been forced to cut its prices by its main

customer, Japan, which refused to pay the previous quarter's \$35.5 a barrel price.

Although Oman is not a member of Opec, it has consistently tried to align its oil prices to those of the group.

Crude oil production in Oman has had relatively large fluctuations over the years; it has been declining since 1976, when the peak level of 366,000 b/d was achieved. Due to annual declines in production, the First Five Year Plan (1976-1980) aimed at intensifying exploration activities. The Marmul field was developed, and this made it possible for a production increase by the end of 1980. Based on this success, the planning authorities have projected an increase to 330,000 b/d throughout the Second Five Year Plan period (1981-1985).

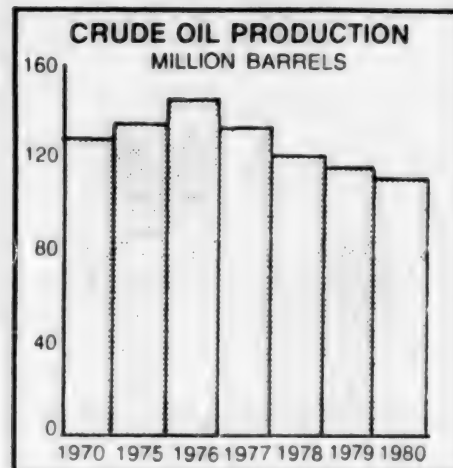
A boost to Oman's economy came with the discovery of more natural gas reserves. Proven reserves are estimated at 6.3 trillion cubic feet, of which 1.5 trillion cubic ft comprises associated gas. The Omanis, like the Qataris, have come to realise that their limited oil reserves can be supplemented by developing their natural gas reserves. During the First Five Year Plan three plants were constructed at Yibal, Fahud and Saih Rawl. These plants are at present producing 3,000-5,000 barrels a day. A 20-inch bore natural gas pipeline was constructed from the Yibal fields in the interior of the country to Al Gubrah district in the capital area.

A recent study of Oman's requirements has shown that the amount of gas needed for power generation, household and industrial uses only, over the next forty years would be in the region of 3 trillion cubic feet for the capital area and the areas in the

north near the existing pipeline and its extension to Sohar.

The Central Bank report also mentions that Oman registered a budget surplus during 1980, the first since 1977. Despite this, government spending last year grew much faster than revenues, increasing by 42.17 per cent from OR650.4m (\$1.87m) in 1979 to OR924.7m (\$2.67bn) in 1980. On the other hand, total revenues went from OR754.1m (\$2.17bn) to OR958.9m (\$2.77bn) during the same period, an increase of 27.1 per cent. Both these figures were below the projected levels called for by the budget plan for 1980.

1980 was a bright year for Oman's economy, however, as all economic indicators were positive, giving the country's planners an optimistic starting point from which to embark on the ambitious Second Five Year plan. For instance, during 1980 Oman's balance of payments position improved, according to the Central Bank report. A current account surplus of OR362m (\$1.05bn) was registered, around four times the 1979 surplus.



CSO: 4400/54

SAUDI OIL SAFEGUARDS QUESTIONED

London 8 DAYS in English No 43, 31 Oct 81 pp 36-37

[Article by Graham Benton]

[Text]

SAUDI ARABIA is expected to award a \$7bn contract, for building the world's largest oil stockpile, to an American company, as US firms have had experience on a similar project in the US. British firms are also high in the running. Rio Tinto Zinc's Riofinex subsidiary was responsible for site selection and design of the storage facilities for the project — which is causing controversy even within Saudi Arabia.

The so-called 'Red Sea Structure' will have a storage capacity of 1.5bn barrels, equivalent to almost six months' production at the official maximum rate of 8.5m b/d. It is to be sited in the Hijaz mountains, 40km from Yanbu, the Red Sea terminal of the recently-completed Trans-Arabian pipeline which runs from the Eastern Province oilfields. Pumping this quantity of oil into bomb-proof storage 'would be sufficient to permit Saudi Arabia to ride out severe and destructive attacks on oil facilities in the Eastern Province,' reported the Houston *Petroleum Information International* newsletter.

New York oil analysts are less impressed by the scheme. One described it as hardly more sensible than 'pumping oil out of one hole into another — and spending several billion dollars in the process.' The scheme is taken as evidence of Saudi Arabia's considerable nervousness about the security of oil flows through the Gulf in the wake of the Iran-Iraq war. But sceptics raise several objections to the 'Red Sea Structure' as a sensible precautionary measure.

Most important, they claim, is the fact that port loading facilities rather than oilfields are the really vulnerable targets in wartime. As the Gulf war has shown, oil

exports tend to be interrupted by damage to pumping stations, pipelines and terminals rather than oilfields. *Petroleum Information International* even quoted one Petromin official as saying he saw no reason for building a stockpile which would merely duplicate an oilfield in another part of the kingdom.

One New York analyst told the *Wall Street Journal* that the project would be a sensible extension of such security measures as the east-west pipeline, designed 'to ensure stability in the oil markets in case of disruption in the Gulf.' Presumably, crude could be pumped to the Red Sea reserve and stored there for eventual shipment for Yanbu, in the event of interrupted exports from the Gulf.

But other observers claim that the assassination of President Sadat should serve as a reminder of the Red Sea's latent instability. Before the collapse of the Shah and the outbreak of war between Iran and Iraq, the West saw Ethiopia and South Yemen as posing the greatest threat to Middle East peace. A Red Sea export terminal for the Saudis is no safer than a Gulf one, claim these critics.

Moreover, they point out, the first stage of the project is not due for completion until 1986, while the fighting in the Gulf is going on now. Critics in the oil industry say that the colossal expense of starting construction would be instantly wasted if the Eastern Province installations were attacked before the project became operational.

The first stage of the Riofinex plan is for above-ground infrastructure and initial tunnel-like parallel caverns to hold the oil. This will cost about \$2bn. But in five years'

time, the whole complex will only be able to store about 50m barrels — or just nine days' worth of current Saudi output.

The Ras Tannurah-Yanbu pipeline commissioned this year has a throughput capacity of 1.85m b/d, scheduled to be expanded to 4m b/d. But even when the real work on the Red Sea Structure gets underway after the mid-1980s, planned maximum injection and extraction rates are only 2.35m b/d, which means that almost two years will be needed to fill the subterranean caverns once they are completed. *Petroleum Information International* quotes one oil company official as saying that it is unlikely the oil will be in place much before 1990.

Some Saudi officials are apparently concerned that the huge cost of building the scheme (twice as big as the US's strategic petroleum reserve) will outweigh its usefulness. Even when finished, the storage reserve's extraction capacity would represent little over a quarter of current daily output. It is also unclear whether the crude needed to fill the reserve would be taken from within the official production ceiling of 8.5m b/d — the upper limit allowable if existing Saudi fields are to last into the next century — or from supplementary production.

The first option would mean a restraint on Saudi commitments to Aramco exports, direct Petromin sales or incentive contracts promised to joint venture partners in basic industrial and refinery schemes. The latter would amount to little more than transporting oil from one reservoir in a dangerous zone to another in an equally dangerous zone, say critics of the scheme.

If a slack export market lasts long into the 1980s (by no means a foregone conclusion), the Saudis could afford to divert a substantial portion of production to the projected reserve. But some industry observers feel that in such circumstances the relatively small quantity of Saudi crude available from the Red Sea reserve would make little difference on world markets. In a tighter market, it could be useful in stabilising prices, but the very act of filling up the reserve might be upsetting unless very carefully timed.

Construction was originally planned to start in September. Aramco is not making any comment on the scheme, and there has been no official confirmation from the Saudis. A prime contractor has yet to be chosen, and so apparently has a responsible agency to run the project in Saudi Arabia.

BA'ATHIST COMMENTS ON MIDEAST DEVELOPMENT

Havana GRANMA in Spanish 12 Oct 81 p 5

[Report on interview with assistant secretary general of the Syrian Ba'ath Party Abdula al-Ahmar by Rodolfo Casals; date and place not given]

[Text] Abdula al-Ahmar categorically stated: "U.S. plans have included and always will include rejection of our party and the Arab peoples in the Middle East."

This interview with the second most important political figure of the Syrian Arab Republic took place in a small conference room at the headquarters of the Syrian Ba'ath Party National Command, of which al-Ahmar is assistant secretary general. In his typically calm and deliberate manner, precise in each of his statements, the focal point of the varied assortment of topics he dealt with was American omnipresence in each of the attacks, pressures, provocations, threats or intrigues daily engaged in in the so-called Arab world, either directly by the foremost imperialist power or through its gendarmes, allies or satellites in the combat zone.

Because of its obvious implications, the Palestinian drama was the indispensable topic he chose to launch his commentary:

"After the Zionist occupation of Palestine," he said, "the United States, responsible for the fact that the Palestinians have to live like refugees and that the Arabs are undergoing a crisis in their struggle, began to attempt to dominate all the Arab peoples. From the start, the Palestinian cause has been the chief focus of the struggle of the Syrian Ba'ath Party and the Arab nation, because everything we are now living through in the Middle East is a result of the attack that took place in 1948, an attack that is still going on due to the fact that Israel, an instrument of the imperialist nations, wants to turn the region into a domain for the application of the racist objectives of international Zionism with the backing and aid of the imperialists. The solution of the Mideast conflict must be based on the return to our peoples of their lands, the complete withdrawal of Israel from the occupied territories and the Palestinian people's right of self-determination and to establish their own state."

Then a brief digression to enjoy a cup of the usual, bitter Turkish coffee and al-Ahmar went on with his anti-imperialist denunciation;

"The United States and Israel alone are responsible for the consequences of their policy of aggression. While the United States and Israel have the technology and modern weapons, we have the conviction of our ideas and the firm determination to defend them. On our side we have our brother Arab nations and friends within the socialist community, headed by the Soviet Union and Cuba. The United States does not scare us, although we do keep in mind what it has in terms of strength and potential. But we are certain that our struggle is a just one and we have the support of powerful allies in the socialist camp and throughout the world. In the end the victory will be ours. We will continue to build a socialist system in Syria, continue to fight for Arab unity and a socialist society throughout the Arab nation. On the other hand, the Camp David agreements are trapped in a dead end, but there are some who are looking for a way out for them in one way or another. In connection with this, there are Arab regimes that have been playing a dubious role that has been later exposed in terms of their role as traitors. These regimes are instruments of imperialism and Zionism."

Concerning the current U.S. propaganda campaign in the Middle East aimed at promoting reactionary ideas to the effect that the struggle of the Arab peoples should not be directed against imperialism and Israel but against communism, the assistant secretary general of the Syrian Ba'ath Party said:

"The masses of our peoples are well aware of who has occupied our lands and who those are who are attempting to again play this role against the peoples of the world. They know that Israel cannot go on occupying Palestinian land and engaging in new attacks unless it is fully backed by the United States. The Soviet Union, on the contrary, has never occupied a single Arab land nor does it seek any gain, rather supporting Arab rights that coincide with its firm and clear objectives, which do not permit acts of aggression against peoples. The USSR wants a fair solution in the region, one which will restore their legitimate rights to the Palestinian people and which involves Israel's withdrawal from the occupied territories. We are well aware that the United States and its agents are our only enemies and that they are dangerous ones."

The prolonged Lebanese crisis, its origins and future prospects formed the next topic of the interview:

"The United States has taken it upon itself to let the press know, indirectly, that it wants to find a solution to the Lebanese conflict and create stability and peace in the area, but we know that its solutions are based on Israel and that part of Lebanon that is the latter's ally and that they are the aggressors against our people, both Lebanese and Palestinians. Lebanese progressive forces reject Israeli intervention and want to achieve stability through national reconciliation. But Israel, the separatists and Falangists are blocking this goal. We are in favor of the Lebanese National Movement, which proposes that reconciliation can be achieved with positive results if the other party to the affair really and forever breaks off relations with Israel. This is a starting point for initiating discussions as to the future of a united Lebanon."

Then, in al-Ahmar's opinion, was the time to discuss Syria's achievements and the aims of its struggle, led by President Hafiz al-Assad:

"The chief missions of the Syrian revolution are to build an Arab socialist society that will oppose the threats of imperialism, Zionism and reactionary elements, liberate the territories occupied by Israel and free people from the exploitation and oppression the Arab nation has suffered during centuries of backwardness and ignorance. We have organized the masses, which are playing the fundamental role in the development of our society and improving their living conditions. We have laid great importance on our armed forces, the defense of our people and our revolutionary achievements. From the start we have had two main goals: to create a strong front that can achieve the objectives of the revolution and to engage in a major effort with other countries in the region to create broad Arab solidarity against Israel and the imperialist aggressor forces."

And lastly, he had a few words to say by way of emphasizing areas of identical interest that exist between Cuba and Syria and underlined his feelings toward the people of Cuba:

"Cuba and Syria are struggling to build a socialist society and working to strengthen the anti-imperialist movement, against Zionism and the reactionary elements and for the liberation of all peoples and progress. There are also ties of friendship between the parties of the two countries for the good of both peoples and their objectives. The people of Cuba are daily winning new victories over imperialism in spite of the blockade, the infiltration of agents and economic and political pressures. I extend my highest esteem for the achievements of the people of Cuba, whom I wish more successes and victories. Cuba's position in support of our struggle attests to the fact that in future the bonds of friendship between our peoples and parties will be made stronger and that the strength of Cuba and Syria will reinforce the struggle of all peoples for peace, freedom and the progress of all mankind."

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CSO: 4548/3

ELECTION OUTCOME DISCUSSED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 45, 9 Nov 81 pp 4,5

[Text]

Last week's landslide victory of Tunisia's ruling Socialist Destour Party (SDP) in the country's first multi-party elections since independence is a setback for Prime Minister Mohamed Mzali's liberalisation efforts. Since 1980 Mr Mzali has been striving to start a process of transition to democracy and political pluralism in the country's political life, and the elections last week were largely the fruit of his endeavors (*An-Nahar Arab Report & MEMO*, November 2). But with the SDP winning all of the 136 National Assembly seats and 94.6 per cent of the reported 80 per cent voter turnout, the results may backfire on liberalisation by giving powerful hard-line factions in the SDP a mandate to rule as if there were no opposition parties. This is especially likely since none of the opposition received the 5 per cent of the vote necessary for official recognition, although Mr Mzali has indicated that the 5 per cent criterion was not final. In the final analysis, President Habib Bourguiba could grant recognition to any party regardless of the vote.

All of the opposition parties claimed that "grave irregularities" had occurred in the polling, and liberals in the SDP are reported to have admitted that there was a basis to such allegations. Nevertheless, all of the opposition parties, while decrying the elections as a "masquerade," continue to support the "democratisation experiment" that brought them about. Clearly they hope that the clock will not be turned back and now that the Tunisian people have been given a chance to choose their representatives, they will continue to demand elections in the future. If this is the case, then Mr Mzali's efforts will not have been in vain, and the elections will mark the first step towards democracy in Tunisia.

CSO: 4500/48

UNITED ARAB EMIRATES

BRIEFS

ADFAED LOANS INCREASE--Loans offered by the Abu Dhabi Fund for Arab Economic Aid amounted to approximately 3.5 billion dirhams (\$1.16 billion). This is double the sum of its capital of 2 billion dirhams. The Fund's administrative manager, Nassir al-Nuways, said that the Fund had helped finance over 100 projects in Arab and developing countries in Asia and Africa. He also said that the loans which the Fund offered last year alone amounted to 1 billion dirhams. [Text] [London AL-MAJALLAH in Arabic No 90, 31 Oct-6 Nov 81 p 46] 9455

INDUSTRIAL EXHIBITION--The first Arab industrial exhibition will be held in the city of Abu Dhabi between the 23rd and the end of next month, on the occasion of the tenth anniversary of the nation. It is expected that the following countries will participate in the exhibition: Saudi Arabia, Qatar, Kuwait, Bahrain, Iraq and Oman; in addition to several companies and government agencies and semi-government agencies. The main purpose of the exhibition is to offer a clear picture of the Gulf's industries. [Text] [London AL-MAJALLAH in Arabic No 90, 30 Oct-6 Nov 81 p 46] 9455

CSO: 4404/109

BRIEFS

IDB LOAN FOR RURAL PROJECT--The Islamic Development Bank (IDB) has granted a \$2.4m loan to North Yemen for rural development projects in the Kholan area of North Yemen. The agreement was signed in Jeddah between Dr Ahmed Ali al Hirjani, Yemeni Minister of agriculture, and Dr Ahmed Muhammed Ali, president of the IDB. The IDB's assistance of North Yemen over the past three years has totalled \$11m, and together with Saudi Arabia it is in the forefront of aiding debt-ridden Yemen. In turn Yemen has been recently trying to increase its exports of food items to Saudi Arabia, to ease its balance of payments problems. [Text] [London 8 DAYS in English No 44, 7 Nov 81 p 40]

FOOD COMPANY SET UP--A joint North Yemeni-Saudi Arabian company has been set up to build cold stores, supermarkets and poultry and dairy farms in North Yemen, Reuters reported from Sanaa last week. The company, called Foodic (Yemen) Ltd has a capital of YR 100 million (about \$22 million) with the Yemeni partner, the General Corporation for Foreign Trade (GFCT), holding 32 percent of the shares. A private Saudi firm, International Corporation for Food (Foodic) and Co, and four other Saudi businessmen holding the remaining 68 percent of the equity. The state-owned GCFT already owns three cold stores in North Yemen, which the joint venture will now operate. The new company is based in Sanaa. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in Arabic No 44, 2 Nov 81 p 12]

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